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TITLE 6—AGRICULTURAL CREDIT

Chapter IV—Production and Marketing Administration and Commodity Credit Corporation, Department of Agriculture

Subchapter C—Loans, Purchases, and Other Operations

[1951 C. C. C. Grain Price Support Bulletin 1, Amdt. 1 to Supp. 1, Flaxseed]

PART 601—GRAINS AND RELATED COMMODITIES

SUBPART—1951-CROP FLAXSEED LOAN AND PURCHASE AGREEMENT PROGRAM

The regulations issued by Commodity Credit Corporation and the Production and Marketing Administration published in 16 F. R. 3875, containing the specific requirements for the 1951-crop flaxseed price support program is hereby amended as follows:

1. Section 601.883 (b) (3) is amended to include a reference to paragraph (c) (2) of § 601.884 which provides that the warehouse-storage charges will not be deducted from the support price on flaxseed stored in warehouses operated by an Eastern common carrier and delivered under a purchase agreement if evidence is submitted that the storage charges have been prepaid through maturity, so that the paragraph reads as follows:

§ 601.883 *Warehouse charges.* * * *

(b) *In all other states.* * * *

(3) For flaxseed stored in approved warehouses operated by Eastern common carriers, there shall be deducted in computing the loan or purchase price, except as provided in paragraph (c) (2) of § 601.884, the amount of the approved tariff rate for storage (not including elevation), which will accumulate from the date of deposit to the program maturity date. The county committee shall request the PMA commodity office to determine the amount of such charges. Where the producer presents evidence showing that the elevation has been prepaid, the amount of the storage charges to be deducted shall be reduced by the amount of the elevation charge prepaid by the producer.

2. Section 601.884 *Settlement,* is amended by incorporating a paragraph relating to warehouse-storage loans not redeemed, and also by changing the paragraph relating to purchase agreements to provide for refunding to the producer in the case of warehouse-storage loans, and for crediting the producer in the case of deliveries under purchase agreements, at the time of settlement, the storage charges he was required to prepay to the warehouseman at the time the flaxseed was deposited in the warehouse for storage, so that the section reads as follows:

§ 601.884 *Settlement*—(a) *Farm-storage loans.* (1) In the case of flaxseed delivered to CCC from farm storage under the loan program, settlement shall be made at the applicable support rate for the approved point of delivery. The support rate shall be applied to the grade and quality of the total quantity of flaxseed delivered.

(2) If the flaxseed under farm-storage loan is, upon delivery, of a grade and/or quality for which no support rate has been established, the settlement value shall be the support rate established for the grade and/or quality of the flaxseed placed under loan, less the difference, if any, at the time of delivery, between the market price for the grade and/or quality placed under loan and the market price of the flaxseed delivered, as determined by CCC.

(3) In no event shall flaxseed for which the grade and/or quality is lower than the lowest grade and/or quality for which settlement rates are established, have a settlement value in excess of the settlement value of the lowest grade and/or quality of such flaxseed for which settlement rates are established.

(4) If farm-stored flaxseed is delivered to CCC prior to January 31, 1952, in Arizona, California or Texas or prior to April 30, 1952, in all other States, upon request of the producer and with the approval of CCC, the loan settlement shall be reduced by the applicable rate of storage charges per bushel, determined according to the date of such delivery to CCC as set forth in § 601.883.

(b) *Warehouse-storage loans.* (1) In the case of warehouse receipts issued on a warehouse approved under the Uniform Grain Storage Agreement, CCC Form 25, if the warehouse loan is not redeemed and the warehouse receipt or the accompanying supplemental certificate contains a statement in substantially the following form, "Full storage charges,

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not including receiving charges, paid through January 31, 1952, if stored in Arizona, California, or Texas or through April 30, 1952, if stored in any other State $_____," a refund in the amount of the smaller of (i) the storage charges prepaid by the producer, or (ii) the amount of the storage charges deducted at the time the loan was completed, will be made to the producer by the PMA commodity office.

(2) For flaxseed stored in approved warehouses operated by Eastern common carriers, if the warehouse loan is not redeemed and the supplemental certificate and delivery order contains a statement in substantially the following form, "Full storage charges paid through April 30, 1952, $_____," a refund will be made to the producer by the PMA commodity office of the amount of storage deducted at the time the loan was completed plus any elevation charge which was prepaid by the producer and for which he was given credit at the time the loan was completed.

(c) *Purchase agreement.* (1) Flaxseed delivered to CCC under a purchase agreement must meet the requirements of flaxseed eligible for loan. The purchase rate per bushel of eligible flaxseed shall be the support rate established for the approved point of delivery, subject to deduction of warehouse charges in accordance with § 601.883.

In the case of warehouse receipts issued on a warehouse approved under the Uniform Grain Storage Agreement, CCC Form 25, if the warehouse receipt or the accompanying supplemental certificate representing flaxseed stored in the warehouse contains a statement in substantially the following form, "Full storage charges, not including receiving charges, paid through January 31, 1952, if stored in Arizona, California or Texas or through April 30, 1952, if stored in any other State $_____," the producer shall be given credit for the smaller of (i) the storage charges prepaid by the producer, or (ii) the amount of the warehouse-storage charges determined according to the time of deposit as outlined in § 601.883 at the time the settlement value of the commodity delivered is determined.

(2) For flaxseed stored in approved warehouses operated by Eastern common carriers, if the supplemental certificate and delivery order representing flaxseed stored in the warehouse contains a statement in substantially the following form, "Full storage charges paid through April 30, 1952, $_____," no deduction for storage shall be made from the support rate at the time the settlement value of the commodity delivered is determined. The producer shall be given credit for the amount of any elevation charge prepaid at the time the settlement value of the commodity delivered is determined, if he presents evidence showing such payment.

(d) *Track loading.* A track-loading payment of 2 cents per bushel will be made to the producer on flaxseed delivered to CCC on track at a country point.

(Sec. 4, 62 Stat. 1070, as amended; 15 U. S. C. Sup., 714b. Interpret or apply sec. 5, 62 Stat. 1072, secs. 301, 401, 63 Stat. 1053, 1054; 15 U. S. C. Sup., 714c, 7 U. S. C. Sup., 1447, 1421)

Issued this 12th day of September 1951.

[SEAL] ELMER F. KRUSE,
Vice President,
Commodity Credit Corporation.

Approved:

HAROLD K. HILL,
Acting President,
Commodity Credit Corporation.

[F. R. Doc. 51-11208; Filed, Sept. 17, 1951; 8:46 a. m.]

TITLE 21—FOOD AND DRUGS

Chapter I—Food and Drug Administration, Federal Security Agency

[Docket No. FDC-7-C-1]

PART 18—MILK AND CREAM; DEFINITIONS AND STANDARDS OF IDENTITY

EVAPORATED MILK

Correction

In F. R. Doc. 51-9239, appearing at page 7819 of the issue for Thursday, August 9, 1951, the figure ".01" in § 18.520 (a) (1) should be changed to "0.1" so that subparagraph (1) reads as follows:

(1) Disodium phosphate or sodium citrate or both, or calcium chloride, added in a total quantity of not more that 0.1 percent by weight of the finished evaporated milk.

TITLE 24—HOUSING AND HOUSING CREDIT

Chapter VIII—Office of Rent Stabilization, Economic Stabilization Agency

[Controlled Housing Rent Reg., Amdt. 398]

[Controlled Rooms in Rooming Houses and Other Establishments Rent Reg., Amdt. 392]

PART 825—RENT REGULATIONS UNDER THE HOUSING AND RENT ACT OF 1947, AS AMENDED

CALIFORNIA AND MICHIGAN

Amendment 398 to the Controlled Housing Rent Regulation (§§ 825.1 to 825.12) and Amendment 392 to the Rent Regulation for Controlled Rooms in Rooming Houses and Other Establishments §§ 825.81 to 825.92). Said regulations are amended in the following respects:

1. Schedule A, Item 26a, is amended to describe the counties in the Defense-Rental Area as follows:

Alameda County, except the Cities of Albany, Berkeley, Hayward, Livermore, Piedmont and San Leandro, and the Towns of Emeryville and Pleasanton.

This decontrols the Town of Emeryville in Alameda County, California, a portion of the Alameda County, California, Defense-Rental Area.

2. Schedule A, Item 38, is amended to describe the counties in the Defense-Rental Area as follows:

San Francisco County; San Mateo County, except the Cities of Belmont, Burlingame, Daly City, Menlo Park including that portion known as North Palo Alto, Millbrae, Redwood City, San Carlos, South San Francisco, San Mateo, San Bruno, the Community known as Lomita Park which is adjacent to said City of San Bruno, and the Town of Atherton; and Sonoma County, except (i) the Cities of Healdsburg, Petaluma, Santa Rosa and Sebastopol, (ii) the Judicial Townships of Redwood and Sonoma (including the City of Sonoma) and (iii) that portion of Analy Judicial Township lying west of the Monte Rio-Valley Ford Highway and lying between Redwood Judicial Township on the north and the northern line of Marin County on the south.

This decontrols that part of the City of Menlo Park previously known as North Palo Alto which has recently been made a part of said City of Menlo Park in San Mateo County, California, a portion of the San Francisco Bay, California, Defense-Rental Area. The said City of Menlo Park, prior to its inclusion of the said part known as North Palo Alto had been and remains decontrolled.

3. Schedule A, Item 149, is amended to describe the counties in the Defense-Rental Area as follows:

Oakland County, except (i) the Townships of Addison, Avon, Bloomfield, Brandon, Commerce, Groveland, Highland, Holly, Independence, Milford, Novi; Oakland, Orion, Oxford, Pontiac, Rose, Springfield, Troy, Waterford and West Bloomfield, (ii) the Villages of Clarkston, Holly, Lake Orion, Leonard, Milford, Ortonville, Oxford, Rochester and that portion of Northville located in Oakland County, and (iii) the Cities of Berkley, Birmingham, Bloomfield Hills, Farmington, Ferndale, Hazel Park, Pleasant Ridge, Pontiac, Royal Oak, South Lyon and Sylvan Lake; Wayne County, except (i) the Cities of Belleville, Grosse Pointe, Grosse Pointe Farms, Grosse Pointe Park, Grosse Pointe Woods, Lincoln Park and Plymouth, (ii) the Villages of Grosse Pointe Shores, Trenton and Wayne, (iii) that portion of the Village of Northville located in Wayne County, and (iv) the Townships of Canton, Grosse Ile and Taylor; and Macomb County, except the City of Mount Clemens, the Villages of Fraser and Roseville, and the Townships of Armada, Bruce, Lenox, Macomb, Ray, Richmond, Shelby, Sterling and Washington.

This decontrols the Village of Roseville in Macomb County, Michigan, a portion of the Detroit, Michigan, Defense-Rental Area.

All decontrols effected by this amendment are based entirely on resolutions submitted in accordance with section 204 (j) (3) of the Housing and Rent Act of 1947, as amended.

(Sec. 204, 61 Stat. 197, as amended; 50 U. S. C. App. Supp. 1894)

This amendment shall be effective September 18, 1951.

Issued this 13th day of September 1951.

TIGHE E. WOODS,
Director of Rent Stabilization.

[F. R. Doc. 51-11215; Filed, Sept. 17, 1951; 8:48 a. m.]

TITLE 26—INTERNAL REVENUE

Chapter I—Bureau of Internal Revenue, Department of the Treasury

Subchapter A—Income and Excess Profits Taxes

[T. D. 5855; Regulations 111]

PART 29—INCOME TAX; TAXABLE YEARS BEGINNING AFTER DECEMBER 31, 1941

SELF-EMPLOYMENT INCOME

On July 6, 1951, notice of proposed rule making regarding the amendment of Regulations 111 to conform to section 208 of the Social Security Act Amendments of 1950 (Public Law 734, 81st Congress), approved August 28, 1950, and to sections 221 (i) and (j) (1) of the Revenue Act of 1950 (Public Law 814, 81st Congress), approved September 23, 1950, was published in the FEDERAL REGISTER (16 F. R. 6565). No objection to the rules proposed having been received, the amendments set forth below are hereby adopted.

PARAGRAPH 1. There is inserted immediately preceding § 29.3–1 the following:

SEC. 208. SELF-EMPLOYMENT INCOME (SOCIAL SECURITY ACT AMENDMENTS OF 1950, APPROVED AUGUST, 28, 1950).

* * * * *

(d) (1) Section 3 of the Internal Revenue Code is amended by inserting at the end thereof the following:

Subchapter E—Tax on Self-Employment Income (the Self-Employment Contributions Act), divided into sections.

* * * * *

PAR. 2. Section 29.3–1, as amended by Treasury Decision 5391, approved July 14, 1944, is further amended by changing the fifth sentence thereof to read as follows: "Subpart D relates to Victory Tax on Individuals for taxable years beginning prior to January 1, 1944, and to Tax on Self-Employment Income for taxable years beginning after December 31, 1950."

PAR. 3. There is inserted immediately preceding § 29.12–1 the following:

SEC. 208. SELF-EMPLOYMENT INCOME (SOCIAL SECURITY ACT AMENDMENTS OF 1950, APPROVED AUGUST 28, 1950).

* * * * *

(d) * * *

(2) Section 12 (g) of the Internal Revenue Code is amended by inserting at the end thereof the following:

(6) *Tax on self-employment income.* For tax on self-employment income, see subchapter E.

* * * * *

PAR. 4. There is inserted immediately after section 31 of the Internal Revenue Code, as set forth preceding § 29.35–1, as added by Treasury Decision 5325, approved January 8, 1944, the following:

SEC. 208. SELF-EMPLOYMENT INCOME (SOCIAL SECURITY ACT AMENDMENTS OF 1950, APPROVED AUGUST 28, 1950).

* * * * *

(d) * * *

(3) Section 31 of the Internal Revenue Code is amended by inserting immediately after the words "the tax" the following: "(other than the tax imposed by subchapter E, relating to tax on self-employment income)" * * *.

* * * * *

PAR. 5. There is inserted immediately after section 58 of the Internal Revenue Code, as set forth preceding § 29.58–1, as added by Treasury Decision 5305, approved November 12, 1943, the following:

SEC. 208. SELF-EMPLOYMENT INCOME (SOCIAL SECURITY ACT AMENDMENTS OF 1950, APPROVED AUGUST 28, 1950).

* * * * *

(d) * * *

(4) Section 58 (b) (1) of the Internal Revenue Code is amended by inserting immediately after the words "withheld at source" the following: "and without regard to the tax imposed by subchapter E on self-employment income".

* * * * *

PAR 6. Section 29.58–3 (b), as added by Treasury Decision 5305 and amended by Treasury Decision 5687, approved February 16, 1949, is further amended by adding at the end thereof the following: "The estimated tax need not include an amount estimated as the tax on self-employment income imposed by section 480."

PAR 7. There is inserted immediately preceding § 29.107–1 the following:

SEC. 208. SELF-EMPLOYMENT INCOME (SOCIAL SECURITY ACT AMENDMENTS OF 1950, APPROVED AUGUST 28, 1950).

* * * * *

(d) * * *

(5) Section 107 of the Internal Revenue Code is amended by inserting at the end thereof the following new subsection:

(e) *Tax on self-employment income.* This section shall be applied without regard to, and shall not affect, the tax imposed by subchapter E, relating to tax on self-employment income.

* * * * *

Par 8. Section 29.107–1; § 29.107–2, as amended by Treasury Decision 5458, approved June 15, 1945; and § 29.107–3, as added by Treasury Decision 5389, approved July 10, 1944, are amended by adding at the end of each the following new paragraph:

The provisions of section 107 and of this section shall be applied without regard to, and shall not affect, the tax on self-employment income imposed by section 480.

PAR. 9. There is inserted immediately preceding § 29.120–1 the following:

SEC. 208. SELF-EMPLOYMENT INCOME (SOCIAL SECURITY ACT AMENDMENTS OF 1950, APPROVED AUGUST 28, 1950).

* * * * *

(d) * * *

(6) Section 120 of the Internal Revenue Code is amended by inserting immediately after the words "amount of income" the following: "(determined without regard to subchapter E, relating to tax on self-employment income)".

* * * * *

PAR. 10. Section 29.120–1 is amended by inserting in paragraph (b), immediately after the words "plus the aggregate amount of income", the following: "(determined without regard to the tax on self-employment income imposed by section 480)".

PAR. 11. There is inserted immediately preceding § 29.131–1 the following:

SEC. 208. SELF-EMPLOYMENT INCOME (SOCIAL SECURITY ACT AMENDMENTS OF 1950, APPROVED AUGUST 28, 1950).

* * * * *

(d) * * *

(3) * * * section 131 (a) of the Internal Revenue Code is amended by inserting immediately after the words "except the tax imposed under section 102" the following: "and except the tax imposed under subchapter E".

* * * * *

PAR. 12. Section 29.131–1 is amended by adding at the end of paragraph (e) the following: "No credit for taxes shall be allowed against the tax on self-employment income imposed by section 480."

PAR. 13. Section 29.131–8, as amended by Treasury Decision 5517, approved June 12, 1946, is further amended by changing the last sentence of paragraph (a) to read as follows: "In computing the tax against which the credit is taken there must, for taxable years beginning before January 1, 1943, be excluded the tax, if any, imposed by section 102; for taxable years beginning after December 31, 1942, there must be excluded both the tax imposed by section 102 and the tax imposed by section 450 (prior to its repeal by section 6 (a) of the Individual Income Tax Act of 1944); and, in addition, for taxable years beginning after December 31, 1950, there must be excluded the tax imposed by section 480."

PAR. 14. There is inserted immediately preceding § 29.161–1 the following:

SEC. 208. SELF-EMPLOYMENT INCOME (SOCIAL SECURITY ACT AMENDMENTS OF 1950, APPROVED AUGUST 28, 1950).

* * * * *

(d) * * *

(7) Section 161 (a) of the Internal Revenue Code is amended by inserting immediately after the words "The taxes imposed by this chapter" the following: "(other than the tax imposed by subchapter E, relating to tax on self-employment income)".

* * * * *

PAR. 15. Section 29.161–1 (a), as amended by Treasury Decision 5488, approved December 29, 1945, is further amended by inserting in the first sentence immediately after the words "imposed upon individuals by chapter 1", the following: "(other than the tax on self-employment income imposed by section 480)".

PAR. 16. There is inserted immediately preceding § 29.294–1, as added by Treasury Decision 5305 and amended by Treasury Decision 5448, approved March 28, 1945, the following:

SEC. 208. SELF-EMPLOYMENT INCOME (SOCIAL SECURITY ACT AMENDMENTS OF 1950, APPROVED AUGUST 28, 1950).

* * * * *

(d) * * *

(8) Section 294 (d) of the Internal Revenue Code is amended by inserting at the end thereof the following new paragraph:

(3) *Tax on self-employment income.* This subsection shall be applied without regard to the tax imposed by subchapter E, relating to tax on self-employment income.

PAR. 17. Section 29.294–1, as added by Treasury Decision 5305 and amended by Treasury Decision 5448, is further amended by adding at the end thereof the following:

(c) *Tax on self-employment income.* The provisions of section 294 (d) and of this section shall be applied without regard to the tax on self-employment income imposed by section 480.

PAR. 18. The title of Subpart D is changed to read as follows: "Subpart D—Victory Tax on Individuals and Tax on Self-Employment Income."

PAR. 19. There is inserted immediately preceding Subpart E, relating to personal holding companies, the following:

SEC. 208. SELF-EMPLOYMENT INCOME (SOCIAL SECURITY ACT AMENDMENTS OF 1950, APPROVED AUGSST 28, 1950).

(a) Chapter 1 of the Internal Revenue Code is amended by adding at the end thereof the following new subchapter [consisting of sections 480, 481, and 482]:

SUBCHAPTER E—TAX ON SELF-EMPLOYMENT INCOME

SEC. 480. RATE OF TAX.

In addition to other taxes, there shall be levied, collected, and paid for each taxable year beginning after December 31, 1950, upon the self-employment income of every individual, a tax as follows:

(1) In the case of any taxable year beginning after December 31, 1950, and before January 1, 1954, the tax shall be equal to 2¼ per centum of the amount of the self-employment income for such taxable year.

(2) In the case of any taxable year beginning after December 31, 1953, and before January 1, 1960, the tax shall be equal to 3 per centum of the amount of the self-employment income for such taxable year.

(3) In the case of any taxable year beginning after December 31, 1959, and before January 1, 1965, the tax shall be equal to 3¾ per centum of the amount of the self-employment income for such taxable year.

(4) In the case of any taxable year beginning after December 31, 1964, and before January 1, 1970, the tax shall be equal to 4½ per centum of the amount of the self-employment income for such taxable year.

(5) In the case of any taxable year beginning after December 31, 1969, the tax shall be equal to 4⅞ per centum of the amount of the self-employment income for such taxable year.

* * * * *

§ 29.480–1 *Tax on self-employment income.* For taxable years beginning after December 31, 1950, there is imposed, in addition to other taxes, a tax upon the self-employment income of every individual at the rates prescribed in section 480. This tax shall be levied, assessed, and collected as part of the income tax imposed by Chapter 1 of the Internal Revenue Code and, except as otherwise expressly provided, will be included with the taxes imposed by sections 11 and 12 in computing any deficiency or overpayment and in computing the interest and additions to any deficiency, overpayment, or tax. Since the tax on self-employment income is part of the income tax, it is subject to the jurisdiction of The Tax Court of the United States to the same extent and in the same manner as the other taxes under Chapter 1 of the Code. However, this tax is not required to be taken into account in computing any estimate of the taxes required to be declared under section 58.

In general, self-employment income consists of the net earnings derived by an individual (other than a nonresident alien) from a trade or business carried on by him as sole proprietor or by a partnership of which he is a member, subject to certain exclusions, exceptions, and limitations.

SEC. 481. DEFINITIONS (ADDED BY SECTION 208 (A), SOCIAL SECURITY ACT AMENDMENT OF 1950, APPROVED AUGUST 28, 1950, AND AMENDED BY SECTION 221 (J), REVENUE ACT OF 1950, APPROVED SEPTEMBER 23, 1950).

For the purposes of this subchapter—

(a) *Net earnings from self-employment.* The term "net earnings from self-employment" means the gross income derived by an indivdual from any trade or business carried on by such individual, less the deductions allowed by this chapter which are attributable to such trade or business, plus his distributive share (whether or not distributed) of the ordinary net income or loss, as computed under section 183, from any trade or business carried on by a partnership of which he is a member; except that in computing such gross income and deductions and such distributive share of partnership ordinary net income or loss—

(1) There shall be excluded rentals from real estate (including personal property leased with the real estate) and deductions attributable thereto, unless such rentals are received in the course of a trade or business as a real estate dealer;

(2) There shall be excluded income derived from any trade or business in which, if the trade or business were carried on exclusively by employees, the major portion of the services would constitute agricultural labor as defined in section 1426 (h); and there shall be excluded all deductions attributable to such income;

(3) There shall be excluded dividends on any share of stock, and interest on any bond, debenture, note, or certificate, or other evidence of indebtedness, issued with interest coupons or in registered form by any corporation (including one issued by a government or political subdivision thereof), unless such dividends and interest (other than interest described in section 25 (a)) are received in the course of a trade or business as a dealer in stocks or securities;

(4) There shall be excluded any gain or loss (A) which is considered as gain or loss from the sale or exchange of a capital asset, (B) from the cutting or disposal of timber if section 117 (j) is applicable to such gain or loss, or (C) from the sale, exchange, involuntary conversion, or other disposition of property if such property is neither (i) stock in trade or other property of a kind which would properly be includible in inventory if on hand at the close of the taxable year, nor (ii) property held primarily for sale to customers in the ordinary course of the trade or business;

(5) The deduction for net operating losses provided in section 23 (s) shall not be allowed;

(6) (A) If any of the income derived from a trade or business (other than a trade or business carried on by a partnership) is community income under community property laws applicable to such income, all of the gross income and deductions attributable to such trade or business shall be treated as the gross income and deductions of the husband unless the wife exercises substantially all of the management and control of such trade or business, in which case all of such gross income and deductions shall be treated as the gross income and deductions of the wife;

(B) If any portion of a partner's distributive share of the ordinary net income or loss from a trade or business carried on by a partnership is community income or loss under the community property laws applicable to such share, all of such distributive share shall be included in computing the net earnings from self-employment of such partner, and no part of such share shall be taken into account in computing the net earnings from self-employment of the spouse of such partner;

(7) (A) In the case of any taxable year beginning before the effective date specified in section 3810, the term "possession of the United States" when used in section 251 with respect to citizens of the United States shall include Puerto Rico;

(B) In the case of any taxable year beginning on or after the effective date specified in section 3810, a resident of Puerto Rico shall compute his net earnings from self-employment in the same manner as a citizen of the United States but without regard to the provisions of section 116 (l).

If the taxable year of a partner is different from that of the partnership, the distributive share which he is required to include in computing his net earnings from self-employment shall be based upon the ordinary net income or loss of the partnership for any taxable year of the partnership (even though beginning prior to January 1, 1951) ending within or with his taxable year.

(b) *Self-employment income.* The term "self-employment income" means the net earnings from self-employment derived by an individual (other than a nonresident alien individual) during any taxable year beginning after December 31, 1950; except that such term shall not include—

(1) That part of the net earnings from self-employment which is in excess of: (A) $3,600, minus (B) the amount of the wages paid to such individual during the taxable year; or

(2) The net earnings from self-employment, if such net earnings for the taxable year are less than $400.

For the purposes of clause (1) the term "wages" includes such remuneration paid to an employee for services included under an agreement entered into pursuant to the provisions of section 218 of the Social Security Act (relating to coverage of State employees) as would be wages under section 1426 (a) if such services constituted employment under section 1426 (b). In the case of any taxable year beginning prior to the effective date specified in section 3810, an individual who is a citizen of Puerto Rico (but not otherwise a citizen of the United States) and who is not a resident of the United States or of the Virgin Islands during such taxable year shall be considered, for the purposes of this subchapter, as a nonresident alien individual. An individual who is not a citizen of the United States but who is a resident of the Virgin Islands or (after the effective date specified in section 3810) a resident of Puerto Rico shall not, for the purposes of this subchapter, be considered to be a nonresident alien individual.

(c) *Trade or business.* The term "trade or business", when used with reference to self-employment income or net earnings from self-employment, shall have the same meaning as when used in section 23, except that such term shall not include—

(1) The performance of the functions of a public office;

(2) The performance of service by an individual as an employee (other than service described in section 1426 (b) (16) (B) performed by an individual who has attained the age of eighteen);

(3) The performance of service by an individual as an employee or employee representative as defined in section 1532;

(4) The performance of service by a duly ordained, commissioned, or licensed minister of a church in the exercise of his ministry or by a member of a religious order in the

exercise of duties required by such order; or

(5) The performance of service by an individual in the exercise of his profession as a physician, lawyer, dentist, osteopath, veterinarian, chiropractor, naturopath, optometrist, Christian Science practitioner, architect, certified public accountant, accountant registered or licensed as an accountant under State or municipal law, full-time practicing public accountant, funeral director, or professional engineer; or the performance of such service by a partnership.

(d) *Employee and wages.* The term "employee" and the term "wages" shall have the same meaning as when used in subchapter A of chapter 9.

§ 29.481–1 *Net earnings from self-employment*—(a) *Definition.* Subject to the special rules discussed in paragraph (c) of this section and to the exclusions discussed in § 29.481–3, the term "net earnings from self-employment" means:

(1) The gross income derived by an individual from any trade or business carried on by such individual, less the deductions allowed by Chapter 1 of the Internal Revenue Code which are attributable to such trade or business, plus

(2) His distributive share (whether or not distributed) of the ordinary net income (or minus the ordinary net loss) from any trade or business, as computed under section 183, carried on by any partnership of which he is a member.

(b) *Included in net earnings.* The gross income and deductions of an individual attributable to a trade or business, for the purpose of ascertaining his net earnings from self-employment, are to be determined by reference to the provisions of law and regulations applicable with respect to the taxes imposed by sections 11 and 12. Thus, if an individual uses the accrual method of accounting in computing net income from a trade or business for the purpose of the taxes imposed by sections 11 and 12, he must use the same method in determining net earnings from self-employment. Likewise, if a taxpayer engaged in a trade or business of selling property on the installment plan elects, under the provisions of section 44, to use the installment basis in computing income for the purpose of the taxes under sections 11 and 12, he must use the same basis in determining net earnings from self-employment.

The trade or business must be carried on by the individual, either personally or through agents or employees. Accordingly, income derived from a trade or business carried on by an estate or trust is not included in determining the net earnings from self-employment of the individual beneficiaries of such estate or trust.

Where an individual is engaged in more than one trade or business within the meaning of section 481 (c) and § 29.481–3, his net earnings from self-employment consist of the aggregate of the net income and losses (computed subject to the special rules provided in this section) of all such trades or businesses carried on by him. Thus, a loss sustained in one trade or business carried on by an individual will operate to offset the income derived by him from another trade or business.

The net earnings from self-employment of an individual include, in addition to the earnings from a trade or business carried on by him, his distributive share of the ordinary net income or ordinary net loss from any trade or business carried on by each partnership of which he is a member. An individual's distributive share of the ordinary net income or ordinary net loss of a partnership shall be computed under section 183, subject to the special rules set forth in section 481 (a) and in this section and to the exclusions provided in section 481 (c) and in § 29.481–3.

If the taxable year of a partner differs from that of the partnership, the partner shall include, in computing net earnings from self-employment, his distributive share of the ordinary net income or ordinary net loss of the partnership for its taxable year (even though beginning prior to January 1, 1951) ending with or within the taxable year of the partner.

For the purpose of determining net earnings from self-employment, a partnership is one which is recognized as such for income tax purposes. For income tax purposes, the term "partnership" includes not only a partnership as known at common law, but, also, a syndicate, group, pool, joint venture, or other unincorporated organization which carries on any trade or business, financial operation, or venture, which is not, within the meaning of the Internal Revenue Code, a trust, estate, or a corporation.

The net earnings from self-employment of a partner include his distributive share of the ordinary net income or ordinary net loss of the partnership of which he is a member, irrespective of the nature of his membership. Thus, in determining his net earnings from self-employment, a limited or inactive partner includes his distributive share of the ordinary net income or ordinary net loss of the partnership.

(c) *Excluded from net earnings.* For the purpose of computing net earnings from self-employment, the gross income derived by an individual from a trade or business carried on by him, the allowable deductions attributable to such trade or business, and the individual's distributive share of the ordinary net income or ordinary net loss from any trade or business carried on by a partnership of which he is a member shall be computed in accordance with the following special rules:

(1) *Rentals from real estate.* Rentals from real estate (including personal property leased with the real estate), and the deductions attributable thereto, unless such rentals are received by an individual in the course of a trade or business as a real-estate dealer, are excluded. Whether or not an individual is engaged in the trade or business of a real-estate dealer is determined by the application of the principles followed in respect of the taxes imposed by sections 11 and 12. In general, an individual who is engaged in the business of selling real estate to customers with a view to the gains and profits that may be derived from such sales is a real-estate dealer. On the other hand, an individual who merely holds real estate for investment or speculation and receives rentals therefrom is not considered a real-estate dealer. Where a real-estate dealer holds real estate for investment or speculation in addition to real estate held for sale to customers in the ordinary course of his trade or business as a real-estate dealer, only the rentals from the real estate held for sale to customers in the ordinary course of his trade or business as a real-estate dealer, and the deductions attributable thereto, are included in determining net earnings from self-employment; the rentals from the real estate held for investment or speculation, and the deductions attributable thereto, are excluded.

Payments for the use or occupancy of entire private residences or living quarters in duplex or multiple-housing units are generally rentals from real estate. Except in the case of real-estate dealers, such payments are excluded in determining net earnings from self-employment even though such payments are in part attributable to personal property furnished under the lease.

Payments for the use or occupancy of rooms or other space where services are also rendered to the occupant, such as for the use or occupancy of rooms or other quarters in hotels, boarding houses, or apartment houses furnishing hotel services, or in tourist camps or tourist homes, or for the use or occupancy of space in parking lots, warehouses, or storage garages, do not constitute rentals from real estate; consequently, such payments are included in determining net earnings from self-employment. Generally, services are considered rendered to the occupant if they are primarily for his convenience and are other than those usually or customarily rendered in connection with the rental of rooms or other space for occupancy only. The supplying of maid service, for example, constitutes such service; whereas, the furnishing of heat and light, the cleaning of public entrances, exits, stairways and lobbies, the collection of trash, and so forth, are not considered as services rendered to the occupant.

Except in the case of a real-estate dealer, where an individual or a partnership is engaged in a trade or business the income of which is classifiable in part as rentals from real estate, only that portion of such income which is not classifiable as rentals from real estate, and the expenses attributable to such portion, will be included in determining net earnings from self-employment.

Example. A, an individual, owns a building containing four apartments. During the taxable year, he receives $1,400 from apartments numbered 1 and 2, which are rented without services rendered to the occupants, and $3,600 from apartments numbered 3 and 4, which are rented with services rendered to the occupants. His fixed expenses for the four apartments aggregate $1,200 during the taxable year. In addition, he has $500 of expenses attributable to the services rendered to the occupants of apartments 3 and 4. In determining his net earnings from self-employment, A includes the $3,600 received from apartments 3 and 4, and the expenses of $1,100 attributable thereto. The rentals and expenses attributable to apartments 1 and 2 are excluded. Therefore, A has $2,500 of net

earnings from self-employment for the taxable year.

(2) *Income from agricultural activity.* Income derived from any trade or business in which, if the trade or business were carried on exclusively by employees, the major portion of the services would constitute agricultural labor as defined in section 1426 (h), and all deductions attributable to such income, are excluded. In case the services are in part agricultural and in part nonagricultural, the time devoted to the performance of each type of service is the test to be used to determine whether the major portion of the services would constitute agricultural labor. If more than half of the time spent in performing all the services is spent in performing services which would constitute agricultural labor under section 1426 (h), all income, and the deductions attributable to the income, shall be excluded. If only half, or less, of the time spent in performing all the services is spent in performing services which would constitute agricultural labor under section 1426 (h), all income, and the deductions attributable to the income, shall be included. In every case the time spent in performing the services will be computed by adding the time spent in the trade or business during the taxable year by every individual (including the individual carrying on such trade or business and the members of his family) in performing such services. The operation of this special rule is not affected by section 1426 (c), relating to the included-excluded rule for determining employment.

This rule has no application where the nonagricultural services are performed in connection with an enterprise which constitutes a trade or business separate and distinct from the trade or business conducted as an agricultural enterprise. Thus, the operation of a roadside automobile service station on farm premises constitutes a trade or business separate and distinct from the agricultural enterprise, and the gross income derived from such service station, together with the deductions attributable thereto, are included in determining net earnings from self-employment.

(3) *Dividends and interest.* All dividends on shares of stock are excluded unless they are received by an individual in the course of his trade or business as a dealer in stocks or securities.

Interest on any bond, debenture, note, or certificate, or other evidence of indebtedness, issued with interest coupons or in registered form by any corporation (including one issued by a government or political subdivision thereof), is excluded unless such interest is received in the course of a trade or business as a dealer in stocks or securities. However, interest which is exempt under section 25 (a) from the normal tax imposed by section 11, that is, interest on certain obligations of the United States and its instrumentalities, is not included in net earnings from self-employment even though received in the course of a trade or business as a dealer in stocks or securities. Only interest on bonds, debentures, notes, or certificates, or other evidence of indebtedness, issued with interest coupons or in registered form by a corporation, is excluded in the case of all persons other than dealers in stocks or securities; other interest received in the course of any trade or business (such as interest received by a pawnbroker on his loans or interest received by a merchant on his accounts or notes receivable) is not excluded.

Dividends and interest of the character excludible under the preceding paragraphs received by an individual on stocks or securities held for speculation or investment are excluded whether or not the individual is a dealer in stocks or securities.

A dealer in stocks or securities is a merchant of stocks or securities with an established place of business, regularly engaged in the business of purchasing stocks or securities and reselling them to customers; that is, he is one who as a merchant buys stocks or securities and sells them to customers with a view to the gains and profits that may be derived therefrom. Persons who buy and sell or hold stocks or securities for investment or speculation, irrespective of whether such buying or selling constitutes the carrying on of a trade or business, are not dealers in stocks or securities.

(4) *Gain or loss from disposition of property.* There is excluded any gain or loss: (i) Which is considered as gain or loss from the sale or exchange of a capital asset; (ii) from the cutting or disposal of timber, even though held primarily for sale to customers, if section 117 (j) is applicable to such gain or loss; and (iii) from the sale, exchange, involuntary conversion, or other disposition of property if such property is neither (*a*) stock in trade or other property of a kind which would properly be includible in inventory if on hand at the close of the taxable year, nor (*b*) property held primarily for sale to customers in the ordinary course of a trade or business. For the purpose of the special rule in subdivision (iii) of this subparagraph, it is immaterial whether a gain or loss is treated as a capital gain or loss or as an ordinary gain or loss for purposes other than determining net earnings from self-employment. For instance, where the character of a loss is governed by the provisions of section 117 (j), such loss is excluded in determining net earnings from self-employment even though such loss is treated under section 117 (j) as an ordinary loss. For the purposes of this special rule, the term "involuntary conversion" means a compulsory or involuntary conversion of property into other property or money as a result of its destruction in whole or in part, theft or seizure, or an exercise of the power of requisition or condemnation or the threat or imminence thereof; and, the term "other disposition" includes the destruction or loss, in whole or in part, of property by fire, storm, shipwreck, or other casualty, or by theft, even though there is no conversion of such property into other property or money.

Example. During the taxable year 1951, A, who owns a grocery store, realized a net profit of $1,500 from the sale of groceries and a gain of $350 from the sale of a refrigerator case. During the same year, he sustained a loss of $2,000 as a result of damage by fire to the store building. In computing net income, all of these items are taken into account. In determining net earnings from self-employment, however, only the $1,500 of profit derived from the sale of groceries is included. The $350 gain and the $2,000 loss are excluded.

(5) *Net operating loss deduction.* The deduction provided by section 23 (s), relating to net operating losses sustained in years other than the taxable year, is excluded.

(6) *Community income*—(i) *In case of an individual.* If any of the income derived by an individual from a trade or business (other than a trade or business carried on by a partnership) is community income under community property laws applicable to such income, all of the gross income, and the deductions attributable to such income, shall be treated as the gross income and deductions of the husband unless the wife exercises substantially all of the management and control of such trade or business, in which case all of such gross income and deductions shall be treated as the gross income and deductions of the wife. For the purpose of this special rule, the term "management and control" means management and control in fact, not the management and control imputed to the husband under the community property laws. For example, a wife who operates a beauty parlor without any appreciable collaboration on the part of her husband will be considered as having substantially all of the management and control of such business despite the provision of any community property law vesting in the husband the right of management and control of community property; and the income and deductions attributable to the operation of such beauty parlor will be considered the income and deductions of the wife.

(ii) *In case of a partnership.* Even though a portion of a partner's distributive share of the ordinary net income or ordinary net loss from a trade or business carried on by a partnership is community income or loss under the community property laws applicable to such share, all of such distributive share shall be included in computing the net earnings from self-employment of such partner; no part of such share shall be taken into account in computing the net earnings from self-employment of the spouse of such partner. In any case in which both spouses are members of the same partnership, the distributive share of the ordinary net income or ordinary net loss of each spouse is included in computing the net earnings from self-employment of that spouse.

(7) *Puerto Rico*—(i) *Residents.* In the case of any taxable year beginning on or after January 1, 1951, a resident of Puerto Rico, whether or not a bona fide resident thereof during the entire taxable year, and whether or not an alien, a citizen of the United States, or a citizen of Puerto Rico, shall compute his net earnings from self-employment in the same manner as would a citizen of the United States residing in the United States. For the purpose of the tax on self-employment income, the

gross income of such a resident of Puerto Rico also includes income from Puerto Rican sources. Thus, under this special rule, income from Puerto Rican sources will be included in determining net earnings from self-employment of a resident of Puerto Rico engaged in the active conduct of a trade or business in Puerto Rico despite the fact that, under section 116 (l), such income may not be taken into account for the purpose of the taxes under sections 11 and 12.

(ii) *Nonresidents.* A citizen of Puerto Rico who is also a citizen of the United States and who is not a resident of Puerto Rico will compute his net earnings from self-employment in the same manner and subject to the same provisions of law and regulations as other citizens of the United States.

§ 29.481–2 *Self-employment income*—(a) *In general.* Except for the exclusions in paragraphs (b) and (c) and the exception in paragraph (d) of this section, the term "self-employment income" means the net earnings from self-employment derived by an individual during any taxable year beginning after December 31, 1950.

(b) *Maximum self-employment income.* The maximum self-employed income of an individual for any taxable year (whether a period of 12 months or less) is $3,600. If an individual is paid wages as defined in section 1426 (a), the maximum is the excess of $3,600 over the amount of such wages. For example, if during the taxable year no such wages are paid and the individual has $5,000 of net earnings from self-employment, he has $3,600 of self-employment income for such taxable year. If, in addition to having $5,000 of net earnings from self-employment, such individual is paid $1,000 of such wages, he has only $2,600 of self-employment income for the taxable year. For the purpose of this limitation, the term "wages" includes remuneration paid to an employee for services covered by an agreement entered into pursuant to section 218 of the Social Security Act, which section provides for extension of the Federal old-age and survivors insurance system to State and local government employees under voluntary agreements between the States and the Federal Security Administrator.

(c) *Minimum net earnings from self-employment.* Self-employment income does not include the net earnings from self-employment of an individual when the amount of such earnings for the taxable year is less than $400. Thus, an individual having only $300 of net earnings from self-employment for the taxable year would not have any self-employment income. However, an individual having net earnings from self-employment of $400 or more for the taxable year may have less than $400 of self-employment income. This would occur in a case in which the amount of the individual's net earnings from self-employment is $400 or more for a taxable year and the individual also receives more than $3,200 but less than $3,600 of wages during that taxable year. For example, if an individual has net earnings from self-employment of $1,000 for a taxable year and also receives wages of $3,400 during that taxable year, his self-employment income for that taxable year is $200.

(d) *Nonresident aliens.* A nonresident alien individual never has self-employment income. For the purpose of the tax on self-employment income, an individual who is not a citizen of the United States but who is a resident of the Virgin Islands or of Puerto Rico is not considered to be a nonresident alien individual. While a nonresident alien individual who derives income from a trade or business carried on within the United States, Puerto Rico, or the Virgin Islands (whether by agents or employees, or by a partnership of which he is a member) may be subject to the applicable income tax provisions on such income, such nonresident alien individual will not be subject to the tax on self-employment income, since any net earnings which he may have from self-employment do not constitute self-employment income.

§ 29.481–3 *Trade or business*—(a) *In general.* It is necessary for an individual to carry on a trade or business, either as an individual or as a member of a partnership, in order for him to have net earnings from self-employment. Except for the exclusions discussed in paragraphs (b), (c), (d), (e), and (f) of this section, the term "trade or business", for the purpose of the tax on self-employment income, shall have the same meaning as when used in section 23. An individual engaged in one of the excluded activities specified in this section may also be engaged in carrying on a nonexcluded trade or business. Whether or not he is also engaged in an included trade or business will be dependent upon all of the facts and circumstances in the particular case.

(b) *Public office.* The performance of the functions of a public office does not constitute a trade or business. The term "public office" includes any elective or appointive office of the United States or any possession thereof, or of a State or its political subdivision, or of a wholly owned instrumentality of any one or more of the foregoing. For example, the President, the Vice President, a governor, a mayor, the Secretary of State, a Member of Congress, a State representative, a county commissioner, a judge, a county or city attorney, a marshal, a sheriff, a register of deeds, or a notary public performs the functions of a public office.

(c) *Employees.* The performance of service by an individual as an employee, as defined in the Federal Insurance Contributions Act, with one exception, does not constitute a trade or business. The exception is as follows: Service performed by an individual, who has attained the age of 18, in, and at the time of, the sale of newspapers or magazines to ultimate consumers, under an arrangement under which the newspapers or magazines are to be sold by him at a fixed price, his compensation being based on the retention of the excess of such price over the amount at which the newspapers or magazines are charged to him, whether or not he is guaranteed a minimum amount of compensation for such service, or is entitled to be credited with the unsold newspapers or magazines turned back, does constitute a trade or business. As to when an individual is an employee see the applicable regulations under the Federal Insurance Contributions Act.

(d) *Individuals under Railroad Retirement System.* The performance of service by an individual as an employee or employee representative as defined in section 1532, that is, an individual covered under the railroad retirement system, does not constitute a trade or business. As to when an individual is an employee or employee representative under section 1532, see the applicable regulations under the Railroad Retirement Tax Act.

(e) *Ministers or members of religious orders.* The performance of service by a duly ordained, commissioned, or licensed minister of a church in the exercise of his ministry or by a member of a religious order in the exercise of duties required by such order does not constitute a trade or business. The duties of ministers include the ministration of sacerdotal functions and the conduct of religious worship, and the control, conduct, and maintenance of religious organizations (including the religious boards, societies, and other integral agencies of such organizations), under the authority of a religious body constituting a church or church denomination.

(f) *Members of certain professions.* The performance of service by an individual in the exercise of his profession as a physician, lawyer, dentist, osteopath, veterinarian, chiropractor, naturopath, optometrist, Christian Science practitioner, architect, certified public account, accountant registered or licensed as an accountant under State or municipal law, full-time practicing public accountant, funeral director, or professional engineer does not constitute a trade or business. This exclusion applies only if the individual meets the legal requirements, if any, for practicing his profession in the place where he performs the service. Thus, an accountant who is neither certified, registered, nor licensed but who is publicly engaged in the practice of accountancy on a full-time basis in a jurisdiction which requires that an individual engaged in such practice be certified, registered, or licensed is not within the exclusion.

These designations are to be given their commonly accepted meaning. Thus, the term "physician" means an individual who is legally qualified to practice medicine; the term "lawyer" means an individual who is legally qualified to practice law; and the term "professional engineer" means an engineer legally qualified to practice before the public in a consulting capacity.

In the case of a partnership engaged in the practice of any of the designated professions, the partnership shall not be considered as carrying on a trade or business for the purpose of the tax on self-employment income, and none of the distributive shares of the ordinary net income or the ordinary net loss of such partnership shall be included in computing net earnings from self-employment of any member of the part-

nership. On the other hand, where a partnership is engaged in a trade or business not within any of the designated professions, each partner must include his distributive share of the ordinary net income or the ordinary net loss of such partnership in computing his net earnings from self-employment, irrespective of whether such partner is also engaged in the practice of one or more of such professions and contributes his professional services to the partnership.

§ 29.481–4 *Employee and wages.* For the purpose of the tax on self-employment income, the term "employee" and the term "wages" shall have the same meaning as when used in the Federal Insurance Contributions Act. For an explanation of these terms, see the applicable regulations under that act.

SEC. 482. MISCELLANEOUS PROVISIONS (AS ADDED BY SECTION 208 (A), SOCIAL SECURITY ACT AMENDMENTS OF 1950, APPROVED AUGUST 28, 1950).

(a) *Returns.* Every individual (other than a nonresident alien individual) having net earnings from self-employment of $400 or more for the taxable year shall make a return containing such information for the purpose of carrying out the provisions of this subchapter as the Commissioner, with the approval of the Secretary, may by regulations prescribe. Such return shall be considered a return required under section 51 (a). In the case of a husband and wife filing a joint return under section 51 (b), the tax imposed by this subchapter shall not be computed on the aggregate income but shall be the sum of the taxes computed under this subchapter on the separate self-employment income of each spouse.

(b) *Title of subchapter.* This subchapter may be cited as the "Self-Employment Contributions Act".

(c) *Effective date in case of Puerto Rico.* For effective date in case of Puerto Rico, see section 3810.

(d) *Collection of taxes in Virgin Islands and Puerto Rico.* For provisions relating to collection of taxes in Virgin Islands and Puerto Rico, see section 3811.

§ 29.482–1 *Returns*—(a) *In general.* For each taxable year beginning after December 31, 1950, every individual, other than a nonresident alien, having net earnings from self-employment of $400 or more for the taxable year shall make a return on Form 1040 in accordance with the instructions thereon, or issued therewith, and the provisions of the regulations applicable thereto. Such return shall be considered a return required under section 51 (a), and the provisions applicable to returns under section 51 (a) shall be applicable to this return. This return will be required if there is self-employment income even though the individual may not be required to make a return for the purpose of the taxes imposed by sections 11 and 12.

(b) *Joint returns.* In the case of a husband and wife filing a joint return under section 51 (b), the tax on self-employment income is computed on the separate self-employment income of each spouse, and not on the aggregate of the two amounts. The requirement of section 51 (b) that in the case of a joint return the tax is computed on the aggregate income of the spouses is not applicable with respect to the tax on self-employment income. Where the husband and wife each has net earnings from self-employment of $400 or more, it will be necessary for each to complete a separate schedule of Form 1040 with respect to such net earnings, despite the fact that a joint return is filed. If the net earnings from self-employment of either the husband or the wife are less than $400, such net earnings are not subject to the tax on self-employment income, even though they must be shown on the joint return for the purpose of the taxes imposed by sections 11 and 12.

Except as otherwise expressly provided, section 51 (b) is applicable to the return of the tax on self-employment income; therefore, the liability with respect to such tax in the case of a joint return is joint and several.

(c) *Social security account numbers.* Every individual making a return of net earnings from self-employment is required to show thereon his social security account number, or, if he has no such account number, to make application therefor on Form SS–5 prior to the filing of such return. However, the failure to apply for a social security account number will not excuse the individual from the requirement that he file such return on or before the due date thereof. Form SS–5 may be obtained from any field office of the Social Security Administration or from any collector. The application on Form SS–5 shall be filed with the field office of the Social Security Administration nearest the legal residence or principal place of business of such individual, or if he has no legal residence or principal place of business within the United States, Puerto Rico, or the Virgin Islands, with the office of the Social Security Administration at Baltimore, Maryland. An individual who has previously secured a social security account number as an employee shall use that account number on his return of net earnings from self-employment.

PAR. 20. There is inserted immediately preceding § 29.3801 (a) (1)–1 the following:

SEC. 208. SELF-EMPLOYMENT INCOME (SOCIAL SECURITY ACT AMENDMENTS OF 1950, APPROVED AUGUST 28, 1950).

* * * * *

(c) Section 3801 of the Internal Revenue Code is amended by adding at the end thereof the following new subsection:

(g) *Taxes imposed by Chapter 9.* The provisions of this section shall not be construed to apply to any tax imposed by chapter 9.

* * * * *

PAR. 21. Section 29.3801 (a) (1)–1 is amended by adding at the end thereof the following new sentence: "The provisions of section 3801 and of the regulations promulgated under such section shall not apply to any tax imposed by chapter 9, relating to employment taxes."

PAR. 22. There is inserted immediately after § 29.3808–4, as added by Treasury Decision 5508, approved April 15, 1946, the following:

SEC. 3810. EFFECTIVE DATE IN CASE OF PUERTO RICO (AS ADDED BY SECTION 208 (B), SOCIAL SECURITY ACT AMENDMENTS OF 1950, APPROVED AUGUST 28, 1950).

If the Governor of Puerto Rico certifies to the President of the United States that the legislature of Puerto Rico has, by concurrent resolution, resolved that it desires the extension to Puerto Rico of the provisions of title II of the Social Security Act, the effective date referred to in sections 1426 (e), 481 (a) (7), and 481 (b) shall be January 1 of the first calendar year which begins more than ninety days after the date on which the President receives such certification.

§ 29.3810–1 *Effective date of self-employment tax in Puerto Rico.* Since the Governor of Puerto Rico has certified to the President of the United States that the Legislature of Puerto Rico has, by concurrent resolution, resolved that it desires the extension to Puerto Rico of the provisions of Title II of the Social Security Act, the certificate having been received by the President on September 28, 1950, the effective date specified in section 3810 is January 1, 1951. (See § 29.481–1 (c) (7).)

SEC. 3811. COLLECTION OF TAXES IN PUERTO RICO AND VIRGIN ISLANDS (AS ADDED BY SECTION 208 (B), SOCIAL SECURITY ACT AMENDMENTS OF 1950, APPROVED AUGUST 28, 1950, AND AMENDED BY SECTION 121 (I), REVENUE ACT OF 1950, APPROVED SEPTEMBER 23, 1950).

(a) *Puerto Rico.* Notwithstanding any other provision of law respecting taxation in Puerto Rico, all taxes imposed by chapter 1, and by subchapters A and D of chapter 9, shall be collected under the direction of the Secretary and shall be paid into the Treasury of the United States as internal revenue collections. All provisions of the laws of the United States applicable to the administration, collection, and enforcement of any tax imposed upon the incomes of individuals, estates, and trusts by chapter 1 (including the provisions relating to The Tax Court of the United States), and of any tax imposed by subchapter A or by subchapter D of chapter 9, shall, in respect to such tax, extend to and be applicable in Puerto Rico in the same manner and to the same extent as if Puerto Rico were a State, and as if the term "United States" when used in a geographical sense included Puerto Rico.

(b) *Virgin Islands.* Notwithstanding any other provision of law respecting taxation in the Virgin Islands, all taxes imposed by subchapter E of chapter 1, and by subchapter A of chapter 9, shall be collected under the direction of the Secretary and shall be paid into the Treasury of the United States as internal revenue collections. All provisions of the laws of the United States applicable to the administration, collection, and enforcement of the tax imposed by subchapter E of chapter 1 (including the provisions relating to The Tax Court of the United States), and of any tax imposed by subchapter A of chapter 9, shall, in respect to such tax, extend to and be applicable in the Virgin Islands in the same manner and to the same extent as if the Virgin Islands were a State, and as if the term "United State" when used in a geographical sense included the Virgin Islands.

(c) *Definition.* As used in this section, the term "tax" includes any penalty with respect to the tax, any addition to the tax, and any additional amount with respect to the tax, provided for by any law of the United States.

SEC. 3812. MITIGATION OF EFFECT OF STATUTE OF LIMITATIONS AND OTHER PROVISIONS IN CASE OF RELATED TAXES UNDER DIFFERENT CHAPTERS (AS ADDED BY SECTION 208 (B), SOCIAL SECURITY ACT AMENDMENTS OF 1950, APPROVED AUGUST 28, 1950).

(a) *Self-employment tax and tax on wages.* In the case of the tax imposed by

subchapter E of chapter 1 (relating to tax on self-employment income) and the tax imposed by section 1400 of subchapter A of chapter 9 (relating to tax on employees under the Federal Insurance Contributions Act)—

(1) (i) If an amount is erroneously treated as self-employment income, or

(ii) If an amount is erroneously treated as wages, and

(2) If the correction of the error would require an assessment of one such tax and the refund or credit of the other tax, and

(3) If at any time the correction of the error is authorized as to one such tax but is prevented as to the other tax by any law or rule of law (other than section 3761, relating to compromises),

then, if the correction authorized is made, the amount of the assessment, or the amount of the credit or refund, as the case may be, authorized as to the one tax shall be reduced by the amount of the credit or refund, or the amount of the assessment, as the case may be, which would be required with respect to such other tax for the correction of the error if such credit or refund, or such assessment, of such other tax were not prevented by any law or rule of law (other than section 3761, relating to compromises):

(b) *Definitions.* For the purposes of subsection (a) of this section, the terms "self-employment income" and "wages" shall have the same meaning as when used in section 481 (b).

§ 29.3812–1 *Application of section.* Section 3812 may be applied in the correction of a certain type of error involving both the tax on self-employment income and the employee tax under section 1400 if the correction of the error as to one tax is, on the date the correction is authorized, prevented in whole or in part by the operation of any law or rule of law other than section 3761, relating to compromises. Examples of such law are sections 275, 311 (b) and (c), 322 (b) and (d), 1117 (e), 1635, 1636, 3746, and 3772; sections 272 (f) and 322 (c); section 3760; and sections 3770 (a) (2), 3774, and 3775.

If the liability for either tax with respect to which the error was made has been compromised under section 3761, the provisions of section 3812 limiting the correction with respect to the other tax do not apply.

Section 3812 is not applicable if, on the date of the authorization, correction of the effect of the error is permissible as to both taxes without recourse to such section.

If, because an amount of wages (as defined in section 1426 (a)) is erroneously treated as self-employment income (as defined in section 481 (b)), or an amount of self-employment income is erroneously treated as wages, it is necessary in correcting the error to assess the correct tax and give a credit or refund for the amount of the tax erroneously paid, and either, but not both, of such adjustments is prevented by any law or rule of law (other than section 3761), the amount of the assessment or of the credit or refund authorized shall reflect the adjustment which would be made in respect of the other tax (either the tax on self-employment income under section 480 or the employee tax under section 1400) but for the operation of such law or rule of law. For example, assume that during 1951 A paid $10 as tax on an amount erroneously treated as "wages", when such amount was actually self-employment income, and that credit or refund of the $10 is not barred. A should have paid a self-employment tax of $15 on the amount. If the assessment of the correct tax, that is, $15, is barred by the statute of limitations, no credit or refund of the $10 shall be made without offsetting against such $10 the $15, assessment of which is barred. Thus, no credit or refund in respect of the $10 can be made.

As another example, assume that during 1951 a taxpayer reports wages of $3,600 and net earnings from self-employment of $900. By reason of the limitations of section 481 (b) he shows no self-employment income. Assume further that by reason of a final decision by The Tax Court of the United States, further adjustments to his income tax liability are barred. The question of the amount of his wages, as defined in section 1426, was not in issue in the Tax Court litigation, but it is subsequently determined (within the period of limitations applicable under the Federal Insurance Contributions Act) that $700 of the $3,600 reported as wages were not for employment as defined in section 1426 (b), and he is entitled to the allowance of a refund of the $10.50 tax paid on such remuneration under section 1400. The reduction of his wages from $3,600 to $2,900 would result in the determination of $700 self-employment income, the tax on which is $15.75 for the year. The overpayment of $10.50 would be offset under section 3812 by the barred deficiency of $15.75, thus eliminating the refund otherwise allowable. If the facts were changed so that the taxpayer erroneously paid tax on self-employment income of $700, having been taxed on only $2,900 as wages, and within the period of limitations applicable under the Federal Insurance Contributions Act, it is determined that his wages were $3,600, the tax of $10.50 under section 1400, otherwise collectible, would be eliminated by offsetting under section 3812 the barred overpayment of $15.75. The balance of the barred overpayment, $5.25, cannot be credited or refunded.

Another illustration of the operation of this section is the case of a taxpayer who is erroneously taxed on $2,500 as wages, the tax on which is $37.50, and who reports no self-employment income. After the statute of limitations has run on the refund of the tax under the Federal Insurance Contributions Act, it is determined that the amount treated as wages should have been reported as net earnings from self-employment. The taxpayer's self - employment income would then be $2,500 and the tax thereon would be $56.25. Assume that the period of limitations under chapter 1 has not expired, and that a notice of deficiency may properly be issued. Under section 3812, the amount of the deficiency of $56.25 must be reduced by the barred overpayment of $37.50.

§ 29.3812–2 *Law applicable in determination of error.* The question of whether there was an erroneous treatment of self-employment income or of wages is determined under the provisions of law and regulations applicable with respect to the year or other taxable period as to which the error was made. The fact that the error was in pursuance of an interpretation, either judicial or administrative, accorded such provisions of law and regulations at the time of such action is not necessarily determinative of this question. For example, if a later judicial decision authoritatively alters such interpretation so that such action was contrary to such provisions of the law and regulations as later interpreted, the error is within the meaning of section 3812.

(53 Stat. 32, 467; 26 U. S. C. 62, 3791)

[SEAL] FRED S. MARTIN,
Acting Commissioner of Internal Revenue.

Approved: September 13, 1951.

THOMAS J. LYNCH,
Secretary of the Treasury.

[F. R. Doc. 51–11230; Filed, Sept. 17, 1951; 8:50 a. m.]

Subchapter C—Miscellaneous Excise Taxes

[T. D. 5854; Regulations 46]

PART 316—EXCISE TAX ON SALES BY THE MANUFACTURER

TAX ON TELEVISION RECEIVING SETS, QUICK-FREEZE UNITS AND COMPONENTS THEREFOR; CREDIT OR REFUND OF TAX PAID ON CERTAIN SUPPLIES FOR CERTAIN AIRCRAFT

On May 19, 1951, a notice of proposed rule making regarding amendments of Regulations 46 (26 CFR Part 316) to conform to the Revenue Act of 1950 (Pub. Law 814, 81st Congress, 2d Session), approved September 23, 1950, was published in the FEDERAL REGISTER (16 F. R. 4720). After consideration of all such relevant matter as was presented by interested persons regarding the rules proposed, the amendments to Regulations 46 set forth below are hereby adopted.

PARAGRAPH 1. Section 316.0, as amended by Treasury Decision 5099, approved November 28, 1941, is further amended by striking out paragraph (a) (3) and (4) and inserting in lieu thereof the following:

(3) Radios, television sets, and components; phonographs, phonograph records, and musical instruments;

(4) Mechanical refrigerators, quick-freeze units, and components, and air conditioning units;

PAR. 2. Section 316.2, as amended by Treasury Decision 5348, approved March 15, 1944, is further amended by adding at the end thereof the following new paragraphs.

(e) The amendment made by section 609 of the Revenue Act of 1950 which broadens the scope of section 3443 (a) (3) (A) (ii) with respect to credits and refunds in the case of articles used or resold for use for any of the purposes provided in section 3451, is effective with respect to articles purchased by the user thereof on or after November 1, 1950. (See § 316.204.)

(f) The taxes imposed on television receiving sets and quick-freeze units and components therefor by sections 3404 and 3405, as amended by sections 605

and 606 of the Revenue Act of 1950, are effective with respect to sales by the manufacturer on or after November 1, 1950.

PAR. 3. Section 316.3, as amended by Treasury Decision 5348, is further amended by adding at the end thereof the following new paragraph:

(g) Manufacturers, producers, or importers of television receiving sets and quick-freeze units and components therefor are required to pay tax on all such articles sold and delivered on and after November 1, 1950. However, if the purchaser obtained possession or the right to possession of an existing television receiver or quick-freeze unit prior to November 1, 1950, no tax is due on the sale of such television receiver or quick-freeze unit.

PAR. 4. Immediately preceding § 316.7, there is inserted the following:

SEC. 553. ADMINISTRATIVE CHANGES IN MANUFACTURERS' EXCISE TAX TITLE OF CODE (REVENUE ACT OF 1941; APPROVED SEPTEMBER 20, 1941).

* * * * *

(d) *Credits, and tax free sales of automobile radios.*—Section * * * 3444 (a) (1) and (2) of the Internal Revenue Code (relating to tax in case of sale of tires to manufacturers of automobiles, etc., and credit on sale) are amended by striking out "tires or inner tubes" wherever appearing therein and inserting "tires, inner tubes, or automobile radios taxable under section 3404"; and by striking out "tire or inner tube" wherever appearing therein and inserting "tire, inner tube, or automobile radio taxable under section 3404". * * *

* * * * *

SEC. 605. TELEVISION RECEIVING SETS (REVENUE ACT OF 1950, APPROVED SEPTEMBER 23, 1950).

* * * * *

(c) *Technical amendments.*

* * * * *

(3) Section * * * and section 3444 (a) are amended by striking out "automobile radio" wherever appearing therein and inserting in lieu thereof "automobile radio or television receiving set".

PAR. 5. The first two paragraphs of § 316.7 are amended to read as follows:

§ 316.7 *Tax on use by manufacturer, producer, or importer.* (a) If a person manufactures, produces, or imports an article covered by the regulations in this part, except a tire, inner tube, or automobile radio or television receiving set, and uses it for any purpose (other than as material in the manufacture or production of, or as a component part of, another article manufactured or produced by him which will be taxable or sold free of tax under the provisions of § 316.21 or § 316.22), he shall be liable for tax with respect to the use of such article in the same manner as if it were sold by him.

(b) If a person manufactures, produces, or imports tires, inner tubes, or automobile radio or television receiving sets, and sells them on or in connection with, or with the sale of, articles taxable under section 3403 (a) or (b) of the Internal Revenue Code, or if he uses them for any purpose whatever, he shall be liable for tax in such cases as if such tires, inner tubes, or automobile radio or television receiving sets were sold by him as separate articles. The tax will be computed at the rates prescribed by section 3400 or section 3404. (See §§ 316.30 to 316.32, inclusive, and § 316.54.)

PAR. 6. Immediately preceding § 316.20, there is inserted the following:

SEC. 553. ADMINISTRATIVE CHANGES IN MANUFACTURERS' EXCISE TAX TITLE OF CODE (REVENUE ACT OF 1941, APPROVED SEPTEMBER 20, 1941).

* * * * *

(d) *Credits, and tax free sales of automobile radios.* Section 3442, * * * of the Internal Revenue Code (relating to tax in case of sale of tires to manufacturers of automobiles, etc., and credit on sale) are amended by striking out "tires or inner tubes" wherever appearing therein and inserting "tires, inner tubes, or automobile radios taxable under section 3404"; and by striking out "tire or inner tube" wherever appearing therein and inserting "tire, inner tube, or automobile radio taxable under section 3404".

* * * * *

SEC. 605. TELEVISION RECEIVING SETS (REVENUE ACT OF 1950, APPROVED SEPTEMBER 23, 1950).

* * * * *

(c) *Technical amendments.*—

* * * * *

(2) The last sentence of section 3442 is hereby amended by striking out "automobile radios" and inserting in lieu thereof "automobile radio or television receiving sets."

* * * * *

PAR. 7. The first sentence of § 316.20 is amended by striking out the words "tire or inner tube" and inserting in lieu thereof the words "tire, inner tube, or automobile radio or television receiving set."

PAR. 8. Section 316.21 is amended as follows:

(A) By striking out in the first paragraph "(other than a tire or inner tube)" and inserting in lieu thereof: "(other than a tire, inner tube, or automobile radio or television receiving set)"

(B) By striking out in the third paragraph the words "tires and inner tubes" and inserting in lieu thereof the words: "tires, inner tubes, or automobile radio or television sets"

PAR. 9. Immediately preceding § 316.54, there is inserted the following:

SEC. 605. TELEVISION RECEIVING SETS (REVENUE ACT OF 1950, APPROVED SEPTEMBER 23, 1950).

* * * * *

(b) *Credit for tax paid on automobile television receiving sets.* Section 3403 (e) is hereby amended to read as follows:

(e) If tires, inner tubes, or automobile radio or television receiving sets on which tax has been imposed under this chapter are sold on or in connection with, or with the sale of, a chassis, body, or motorcycle, there shall (under regulations prescribed by the Secretary) be credited against the tax under this section an amount equal to, in the case of an article taxable under subsection (a), 5 per centum, and in the case of an article taxable under subsection (b), 7 per centum—

(1) Of the purchase price (less, in the case of tires, the part of such price attributable to the metal rim or rim base) if such tires or inner tubes were taxable under section 3400 (relating to tax on tires and inner tubes) or, in the case of automobile radio or television receiving sets, if such sets were taxable under section 3404; or

(2) If such tires, inner tubes, or automobile radio or television receiving sets were taxable under section 3444 (relating to use by manufacturer, producer, or importer), then of the price (less, in the case of tires, the part of such price attributable to the metal rim or rim base) at which such or similar tires, inner tubes, or sets are sold, in the ordinary course of trade, by manufacturers, producers, or importers thereof, as determined by the Secretary.

PAR. 10. Section 316.54, as amended by Treasury Decision 5099, is further amended as follows:

(A) By striking out the heading and inserting in lieu thereof:

§ 316.54 *Credit for taxes on tires, inner tubes, automobile radio or television receiving sets.*

(B) By striking out the words "automobile radios" wherever they appear in the first two paragraphs and inserting in lieu thereof the words "automobile radio or television receiving sets".

(C) By amending the last paragraph to read as follows:

(d) Sales of articles taxable under section 3403 (a) and (b) originally equipped with tax-paid tires, inner tubes, or automobile radio or television receiving sets to an exempt governmental agency for its exclusive use are not properly to be regarded as resales of tires, inner tubes, or automobile radio or television receiving sets, as such, so as to entitle the manufacturer of such tires, inner tubes, or automobile radio or television receiving sets to a credit or refund of the amount of tax paid by him thereon.

PAR. 11. Immediately preceding § 316.55, there is inserted the following:

SEC. 605. TELEVISION RECEIVING SETS (REVENUE ACT OF 1950, APPROVED SEPTEMBER 23, 1950).

* * * * *

(c) *Technical amendments.* (1) The first sentence of section 3403 (c) is hereby amended by striking out "radios" and inserting in lieu thereof: "radio and television receiving sets".

* * * * *

PAR. 12. Section 316.55, as amended by Treasury Decision 5099, is further amended by striking out the words "and automobile radios" in the first paragraph thereof and inserting the words "or automobile radio or television receiving sets".

PAR. 13. Immediately preceding §316.60, there is inserted the following:

SEC. 605. TELEVISION RECEIVING SETS (REVENUE ACT OF 1950, APPROVED SEPTEMBER 23, 1950).

(a) *Imposition of tax on television receiving sets.* So much of section 3404 (manufacturers' excise tax on radio receiving sets) as precedes subsection (c) is hereby amended to read as follows:

SEC. 3404. TAX ON RADIO RECEIVING SETS, TELEVISION RECEIVING SETS, PHONOGRAPHS, PHONOGRAPH RECORDS, AND MUSICAL INSTRUMENTS.

There shall be imposed upon the following articles (including in each case, except in the case of musical instruments, parts or accessories therefor sold on or in connection with the sale thereof) sold by the manufacturer, producer, or importer a tax equivalent to 10 per centum of the price for which sold:

(a) Radio receiving sets, automobile radio receiving sets, television receiving sets, auto-

mobile television receiving sets, phonographs, and combinations of any of the foregoing.

(b) Chassis, cabinets, tubes, speakers, amplifiers, power supply units, antennae of the "built-in" type, and phonograph mechanisms, which are suitable for use on or in connection with, or as component parts of, any of the articles enumerated in subsection (a), whether or not primarily adapted for such use.

PAR. 14. Sections 316.60 and 316.61, as amended by Treasury Decision 5099, are further amended to read as follows:

§ 316.60 *Scope of tax.* (a) The tax attaches to the sale by the manufacturer of (1) radio receiving sets, automobile radio receiving sets, television receiving sets, automobile television receiving sets, phonographs, and combinations of any of the foregoing; (2) chassis, cabinets, tubes, speakers, amplifiers, power supply units, antennae of the "built-in" type and phonograph mechanisms, which are suitable for use on or in connection with, or as component parts of, radio receiving sets, automobile radio receiving sets, television receiving sets, automobile television receiving sets, phonographs, or combinations of any of the foregoing, regardless of whether such components are primarily adapted for such use; (3) phonograph records; and (4) musical instruments. Parts and accessories for such articles (except musical instruments) are subject to the tax when sold on or in connection with the sale thereof.

(b) Automobile radio or television receiving sets may not be sold tax free to manufacturers of automobiles, under the provisions of either section 3442 or section 3403 (c), as amended.

(c) Automatic devices for playing or repeating records, phonograph pick-ups, and similar devices are subject to the tax if sold on or in connection with or with the sale of radio receiving sets, automobile radio receiving sets, television receiving sets, automobile television receiving sets, phonographs, and combinations thereof.

§ 316.61 *Radio, television, phonograph components.* (a) The term "chassis" includes radio or television receiving apparatus of all types.

(b) The term "cabinets" includes containers suitable for housing radio receiving sets, automobile radio receiving sets, television receiving sets, automobile television receiving sets, phonographs, and combinations of the foregoing.

(c) The term "tubes" includes vacuum tubes of all types suitable for use in connection with or as a part of radio receiving sets, automobile radio receiving sets, television receiving sets, automobile television receiving sets, or phonographs.

(d) The term "speakers" includes all devices for use in converting electrical impulses to sound whether or not equipped with coupling units (but not including ear phones), which are suitable for use on or in connection with or as a part of radio receiving sets, automobile radio receiving sets, television receiving sets, automobile television receiving sets, phonographs and any combinations thereof.

(e) The term "amplifiers" includes all apparatus for the amplification of audio frequency impulses which are suitable for use in connection with or as parts of radio receiving sets, automobile radio receiving sets, television receiving sets, automobile television receiving sets, or phonographs.

(f) The term "power supply units" includes all devices which are suitable for use on or in connection with or as part of radio receiving sets, automobile radio receiving sets, television receiving sets, automobile television receiving sets, phonographs, and combinations of any of the foregoing which convert electric current of ordinary commercial and domestic voltages into electric current of voltages suitable for operating such articles.

(g) The term "antennae of the 'built-in' type" includes all types of aerials of the kind contained in a radio receiving set, automobile radio receiving set, television receiving set, automobile television receiving set, or combination thereof.

(h) The term "phonograph mechanisms" includes devices which are suitable for use in combination radio and phonograph sets, or phonographs for the purpose of playing records.

(i) The articles defined in this section are subject to the tax regardless of whether such articles are primarily adapted for use in connection with radio receiving sets, automobile radio receiving sets, television receiving sets, automobile television receiving sets, phonographs, or combinations of any of the foregoing.

PAR. 15. Immediately preceding § 316.70, there is inserted the following:

SEC. 606. IMPOSITION OF TAX ON QUICK-FREEZE UNITS (REVENUE ACT OF 1950, APPROVED SEPTEMBER 23, 1950).

So much of section 3405 (manufacturers' excise tax on mechanical refrigerators and air-conditioning units) as precedes subsection (c) is hereby amended to read as follows:

SEC. 3405. TAX ON MECHANICAL REFRIGERATORS, QUICK-FREEZE UNITS, AND SELF-CONTAINED AIR-CONDITIONING UNITS.

There shall be imposed on the following articles (including in each case parts or accessories therefor sold on or in connection with the sale thereof) sold by the manufacturer, producer, or importer a tax equivalent to 10 per centum of the price for which so sold:

(a) *Refrigerators and quick-freeze units.* Household type refrigerators (for single or multiple cabinet installations) having, or being primarily designed for use with, a mechanical refrigerating unit operated by electricity, gas, kerosene, or gasoline; household type units for the quick freezing or frozen storage of foods, operated by electricity, gas, kerosene, or gasoline; combinations of such household type refrigerators and units.

(b) *Refrigerating and freezing apparatus.* Cabinets, compressors, condensers, condensing units, evaporators, expansion units, absorbers, and controls (hereinafter referred to as "refrigerator components") for, or suitable for use as parts of or with, household type refrigerators or quick-freeze units of the kind described in subsection (a), except when sold as component parts of complete refrigerators, refrigerating or cooling apparatus, or quick-freeze units. Under regulations prescribed by the Secretary, the tax under this subsection shall not apply in the case of sales of any such refrigerator components by the manufacturer, producer, or importer to a manufacturer or producer of refrigerators, refrigerating or cooling apparatus, or quick-freeze units. If any such refrigerator components are resold by such vendee otherwise than on or in connection with, or with the sale of, complete refrigerators, refrigerating or cooling apparatus, or quick-freeze units, manufactured or produced by such vendee, then for the purposes of this section the vendee shall be considered the manufacturer or producer of the refrigerator components so resold.

PAR. 16. Section 316.70, as amended by Treasury Decision 5696, approved April 7, 1949, is further amended as follows:

(A) By striking out the heading of paragraph (b) and inserting in lieu thereof the following:

(b) *For the period November 1, 1942, to October 31, 1950.*

(B) By adding a new paragraph (c) to read as follows:

(c) *For the period beginning November 1, 1950.* (1) Subsection (a) of section 3405, as amended by section 606 of the Revenue Act of 1950, imposes a tax on the sale by the manufacturer of household type refrigerators (for single or multiple cabinet installations) having, or being primarily designed for use with, a mechanical refrigerating unit operated by electricity, gas, kerosene, or gasoline, and of household type units for the quick freezing or frozen storage of foods operated by electricity, gas, kerosene, or gasoline, and combinations of such units and household type refrigerators, including in each case parts or accessories therefor sold on or in connection with the sale thereof.

(2) The term "household type refrigerator" includes refrigerators for single or multiple cabinet installations, which (i) are designed for domestic use, (ii) are arranged to provide refrigerated storage space for the preservation of food products or low temperature space for making ice cubes and frozen desserts, (iii) have a net storage space not exceeding 14 cubic feet, and (iv) have, or are primarily designed for use with, a mechanical refrigerator unit operated by electricity, gas, kerosene, or gasoline.

(3) The term "household type units for the quick freezing or frozen storage of foods" includes units solely for the quick freezing of foods or solely for the storage of frozen foods and combination freezer and storage units for rural or urban home use. Units designed and constructed solely for commercial, industrial, or scientific purposes are not taxable.

(4) A manufacturer of household type refrigerators or household type units for the quick freezing or frozen storage of foods taxable under section 3405 (a) or other refrigerators or refrigerating or cooling apparatus may purchase tax free for use as a component in the manufacture of such articles any of the refrigerating and freezing apparatus specified in section 3405 (b). (See § 316.71.) However, if any of the refrigerating or freezing apparatus specified in section 3405 (b) is purchased tax paid and used as a component in the manufacture of a household type refrigerator or household type unit for the quick freezing or frozen storage of foods taxable under section 3405 (a), as amended, the manufacturer

of such refrigerator or unit may be allowed a credit to the extent of the tax paid on the refrigerating or freezing apparatus so used as a component. (See § 316.204.)

(5) The tax does not apply to refrigerator cabinets which are primarily designed for use without a mechanical refrigerating unit.

(6) Combinations of household type units for the quick freezing or frozen storage of foods and household type refrigerators are taxable only if the normal temperature refrigerator portion has a net storage space not exceeding 14 cubic feet.

PAR. 17. Section 316.71, as amended by Treasury Decision 5189, approved November 30, 1942, is further amended as follows:

(A) By striking out the heading for paragraph (b) and inserting in lieu thereof the following:

(b) *For the period November 1, 1942, to October 31, 1950, inclusive.*

(B) By adding at the end thereof the following new paragraph:

(c) *For the period beginning November 1, 1950.* Subsection (b) of section 3405, as amended by section 606 of the Revenue Act of 1950, imposes a tax on sales by the manufacturer of cabinets, compressors, condensers, condensing units, evaporators, expansion units, absorbers, and controls for, or suitable for use as parts of or with, household type refrigerators or quick-freeze units of the type described in section 3405 (a) of the Internal Revenue Code, as amended by section 606 of the Revenue Act of 1950, including in each case parts or accessories therefor sold on or in connection with the sale thereof. Sales of such refrigerating apparatus as component parts of complete refrigerators, household type units for the quick freezing or frozen storage of foods, or refrigerating or cooling apparatus are not subject to tax.

PAR. 18. Section 316.72, as amended by Treasury Decision 5189, and § 316.73, as amended by Treasury Decision 5099, are renumbered §§ 316.73 and 316.74, respectively, and a new § 316.72 is inserted immediately following § 316.71 to read as follows:

§ 316.72 *Application of tax.* (a) Where a household type refrigerator or quick-freeze unit is sold, the tax is based upon the sale price of the assembly, which includes all components, and all parts and accessories therefor, sold on or in connection with, or with the sale of, the refrigerator or quick-freeze unit.

(b) If a manufacturer of household type refrigerators or quick-freeze units buys refrigerator components upon which tax has been paid he may take credit against the tax due on his sale of completed household type refrigerators or quick-freeze units to the extent of any tax paid on refrigerator components forming a part of such refrigerators. (See § 316.204.)

(c) A manufacturer of refrigerator components, as specified in section 3405 (b) of the Internal Revenue Code, may sell such components tax free to a manufacturer of refrigerators, refrigerating or cooling apparatus, or quick-freeze units, without regard to whether such refrigerators, apparatus, or units are taxable. To establish the right to exemption from tax on such sale by the manufacturer of the refrigerator component, it is necessary that he obtain from the purchaser a properly executed exemption certificate substantially in the form prescribed in this section.

(d) This exemption from tax does not apply in the case of a sale of refrigerator components by the manufacturer thereof to a wholesaler, jobber, dealer, etc., where such wholesaler, jobber, dealer, etc., does not qualify as a manufacturer of refrigerators, refrigerating or cooling apparatus, or quick-freeze units.

(e) Under section 3405 (b) of the Code a manufacturer who purchases a refrigerator component tax free under an exemption certificate is considered the manufacturer of the component so purchased and is liable for the tax on the resale thereof unless (1) such component is resold on or in connection with, or with the sale of a complete refrigerator, refrigerating or cooling apparatus, or quick-freeze unit manufactured or produced by him or (2) such resale is otherwise exempt from tax, such as sale for export, sale to other manufacturers of refrigerating equipment, etc.

(f) Following is the form of exemption certificate which will be acceptable for purposes of this section and which must be adhered to in substance:

EXEMPTION CERTIFICATE

---------- 19____
(Date)

(To support tax free sales under section 3405 (b) of the Internal Revenue Code, as amended by section 606 of the Revenue Act of 1950.)

The undersigned hereby certifies that he is a manufacturer or producer of refrigerators, refrigerating and cooling apparatus, or quick-freeze units and that the refrigerator components specified in the accompanying order No. ------, or purchased within the period from ---------- to ---------- (such period shall not exceed six months) are purchased tax free by virtue of the provisions of section 3405 (b) of the Internal Revenue Code.

It is understood that if any of the refrigerator components purchased under this certificate are resold by the undersigned otherwise than on or in connection with or with the sale of complete refrigerators, refrigerating or cooling apparatus or quick-freeze units manufactured or produced by him, the undersigned is considered the manufacturer or producer of the articles purchased hereunder and unless such resale is otherwise exempt must pay the tax on his sales of such refrigerator components, as provided in section 3405 (b) of the Internal Revenue Code. Thus, the undersigned is liable for tax on all resales of such refrigerator components for repair or replacement purposes on either household or commercial refrigeration equipment.

It is further understood that the fraudulent use of this certificate to secure exemption will subject the undersigned and all guilty parties to a fine of not more than $10,000, or to imprisonment of not more than five years or both, together with cost of prosecution.

(Name)

(Address)

(g) If it is impracticable to furnish a separate exemption certificate for each order, a certificate covering all orders between given dates (such period not to exceed six months) will be acceptable.

(h) The certificate, with supporting orders, invoices, etc., must be maintained by the manufacturer, producer, or importer of the refrigerator components for a period of not less than four years from the date on which the tax free sale is made.

(i) Where the certificate is not obtained prior to the time the manufacturer thereof is required to file a return covering taxes due for the month during which the sale was made he should include the tax on such sale in his return for that month. However, if the certificate is later obtained a claim for refund of tax paid may be filed on Form 843, or a credit taken upon a subsequent return, but such action must be taken within the four year period of limitation prescribed by section 3313 of the Code.

(j) For provisions relating to tax free sales for the further manufacture of taxable articles see §§ 316.21 to 316.23, inclusive.

PAR. 19. Immediately preceding § 316.204, there is inserted the following:

SEC. 605. TELEVISION RECEIVING SETS (REVENUE ACT OF 1950, APPROVED SEPTEMBER 23, 1950).

* * * * *

(c) *Technical amendments.*

* * * * *

(3) Section 3443 (a) (1) and section * * * are amended by striking out "automobile radio" wherever appearing therein and inserting in lieu thereof "automobile radio or television receiving set".

SEC. 609. ARTICLES SOLD FOR USE OF AIRCRAFT ENGAGED IN FOREIGN TRADE (REVENUE ACT OF 1950, APPROVED SEPTEMBER 23, 1950).

Effective with respect to articles purchased (by the user thereof) on or after the first day of the first month which begins more than ten days after the date of the enactment of this Act, section 3443 (a) (3) (A) (ii) (relating to refunds in the case of articles used or resold for use as ships' stores, etc.) is hereby amended to read as follows:

(ii) Used or resold for use for any of the purposes, but subject to the conditions, provided in section 3451;.

PAR. 20. Section 316.204, as amended by Treasury Decision 5697, approved April 7, 1949, is further amended as follows:

(A) By inserting the words "or television receiving set" after the word "radio" in the first sentence of the first paragraph.

(B) By striking out the next to the last paragraph (which paragraph begins with "The provisions of section 3451") and inserting in lieu thereof the following:

(k) (1) Under the provisions of section 3443 (a) (3) (A) (ii), prior to November 1, 1950, no credit or refund was allowable with respect to tax paid on articles sold for use on certain aircraft, even though it was known at the time of the sale that the articles would be so used. By virtue of the provisions of section 609 of the Revenue Act of 1950, a manufacturer may be allowed a refund, or may take credit against the tax shown to be due

upon any subsequent monthly return, in the amount of tax paid by him with respect to the sale of any article which is used, or resold for use on or after November 1, 1950, for any of the purposes, but subject to the conditions, provided in section 3451. (See § 316.28.) Refund or credit will be made or allowed in such cases only upon the submission of the evidence required by the preceding paragraphs relating to transactions within the scope of section 3443 (a) (3) (A).

(2) Where articles are sold by the manufacturer in accordance with the provisions of section 317 (b) of the Tariff Act of 1930, as added by the act approved June 25, 1938, for use as supplies (including equipment) upon, or in the maintenance or repair of, aircraft registered in any foreign country and actually engaged in foreign trade or trade between the United States and any of its possessions, the manufacturer who paid the tax to the Government may be allowed a refund or may take credit against the tax due upon any subsequent monthly return, provided he has in his possession the evidence outlined in § 316.29.

(53 Stat. 419, 467; 26 U. S. C. 3450, 3791)

[SEAL] JOHN B. DUNLAP,
Commissioner of Internal Revenue.

Approved: September 13, 1951.

THOMAS J. LYNCH,
Acting Secretary of the Treasury.

[F. R. Doc. 51-11231; Filed, Sept. 17, 1951; 8:50 a. m.]

TITLE 32A—NATIONAL DEFENSE, APPENDIX

Chapter III—Office of Price Stabilization, Economic Stabilization Agency

[Ceiling Price Regulation 14, Amdt. 8]

CPR 14—CEILING PRICES OF CERTAIN FOODS SOLD AT WHOLESALE

ADJUSTMENT OF CEILING PRICES FOR SERVICE FEE WHOLESALERS

Pursuant to the Defense Production Act of 1950, as amended, Executive Order 10161 (15 F. R. 6105), and Economic Stabilization Agency General Order No. 2 (16 F. R. 738), this amendment to Ceiling Price Regulation 14 is issued.

STATEMENT OF CONSIDERATIONS

This amendment deals with service fee wholesalers and changes section 26a (a), (c) and (e) of this regulation which were added previously by Amendment 2. It allows wholesalers to operate a portion of their business as service fee wholesalers. It also provides a simple method for the service fee wholesaler to use in supplying retailers with prices which the retailers must use as the basis for their net costs on which they figure their ceiling prices.

When Amendment 2 was issued it was thought that service fee wholesalers conducted 100 percent of their business in this manner. For this reason a wholesaler who operated a service fee plan was required to figure all of his ceiling prices as a service fee wholesaler. Further consultation with industry representatives has indicated that some wholesalers have heretofore operated both as a service fee wholesaler and also as a cash and carry or service wholesaler. Since there is no necessity for requiring wholesalers to figure ceiling prices as a service fee wholesaler when making sales to retailers not affiliated with their service fee plan, it has been decided that wholesalers may be partially service fee and also operate as a cash and carry or service wholesaler. However, service fee wholesalers must figure all of their ceiling prices as a service fee wholesaler for items covered by this regulation for sales to retail stores affiliated with their service fee plan.

Amendment 2 also set forth the manner in which service fee wholesalers must determine their ceiling prices which they must furnish to the retailers affiliated with their plan. It required the service fee wholesaler to calculate his ceiling prices by allocating to each item a part of his total fee and service charges. Service fee wholesalers have found that this method necessitates such a great amount of accounting work as to make it an unreasonable requirement. This amendment provides a simple method which service fee wholesalers shall use in figuring ceiling prices to furnish to their affiliated retailers and these ceiling prices are termed estimated ceiling prices. The service fee wholesaler must use the markup for his class of wholesaler, i. e. cash and carry or service, for the category which includes the item being priced, or 1.10, whichever is the lower, except that 1.19 shall be used for frozen foods. This estimated ceiling price must be furnished to the retailer on the invoice or order form, or other written document furnished at or before the time of delivery of the items.

In formulating this amendment the Director of Price Stabilization has consulted extensively with the Industry Advisory Committee and with industry representatives and has given full consideration to their recommendations. In his judgment the provisions of these regulations are generally fair and equitable and are necessary to effectuate the purposes of Title IV of the Defense Production Act of 1950 as amended.

So far as practicable the Director of Price Stabilization gave due consideration to the national effort to achieve maximum production in furtherance of the objective of the Defense Production Act of 1950 as amended; to prices prevailing during the period from May 24, 1950 to June 24, 1950, inclusive; and to relevant factors of general applicability.

AMENDATORY PROVISIONS

Section 26a, paragraphs (a), (c) and (e) are amended to read as follows:

(a) You are a service fee wholesaler if, prior to April 5, 1951, and at the present time: (1) a substantial part of your sales in dollar volume are made with delivery; (2) services are rendered through outside salesmen or fieldmen; (3) your selling prices to retail stores are figured by the addition to your cost of a stated service fee and charges for additional services rendered; and (4) your sales are made to retail stores only after the retail stores have agreed to become affiliated with your plan.

* * * * *

(c) On all sales made by you as a service fee wholesaler of items covered by this regulation you must furnish the retailer an estimated ceiling price for each item. This estimated ceiling price shall be what your ceiling price would have been if you had figured your ceiling price by adding to your "net cost," as defined in section 4 of this regulation, the markup provided for your class of wholesaler in Table A of section 35 of this regulation for all categories of commodities which have a markup of 1.10 or less, and reduce to 1.10 all categories of commodities that have a markup above 1.10, except category 10 which shall be reduced to a markup of 1.19. This information must be furnished to the retailer on the invoice or order form, or other written document furnished at or before the time of delivery of the items.

* * * * *

(e) If you figure your ceiling prices for any items under this section, you must figure your ceiling prices for all sales of items covered by this regulation to retail stores affiliated with your plan in accordance with this section.

(Sec. 704, 64 Stat. 816, as amended; 50 U. S. C. App. Sup. 2154)

Effective date. This amendment shall become effective on September 22, 1951.

MICHAEL V. DISALLE,
Director of Price Stabilization.

SEPTEMBER 17, 1951.

[F. R. Doc. 51-11335; Filed, Sept. 17, 1951; 12:20 p. m.]

[Ceiling Price Regulation 15, Amdt. 7]

CPR 15—CEILING PRICES OF CERTAIN FOODS SOLD AT RETAIL IN GROUP 3 AND GROUP 4 STORES

ADJUSTMENT OF CEILING PRICES FOR RETAILERS PURCHASING FROM SERVICE FEE WHOLESALERS

Pursuant to the Defense Production Act of 1950, as amended, Executive Order 10161 (15 F. R. 6105), and Economic Stabilization Agency General Order No. 2 (16 F. R. 738), this amendment to Ceiling Price Regulation 15 is issued.

STATEMENT OF CONSIDERATIONS

Amendment 8 to CPR 14 changes the provisions under which service fee wholesalers furnish their ceiling prices to retailers affiliated with their plan. The amendment to CPR 14 provides that the wholesaler furnish the retailer with his estimated ceiling price figured according to the method outlined in that amendment.

For this reason it is necessary to change the provisions of CPR 15 and CPR 16 regarding retailers purchasing from service fee wholesalers to conform with the changes made in the wholesale regulation. The retailer shall use the

estimated ceiling prices furnished by the wholesaler as the basis for arriving at his "net cost" when figuring his ceiling prices.

In formulating this amendment the Director of Price Stabilization has consulted extensively with the Industry Advisory Committee and with industry representatives and has given full consideration to their recommendations. In his judgment the provisions of these regulations are generally fair and equitable and are necessary to effectuate the purposes of Title IV of the Defense Production Act of 1950 as amended.

So far as practicable the Director of Price Stabilization gave due consideration to the national effort to achieve maximum production in furtherance of the objective of the Defense Production Act of 1950 as amended; to prices prevailing during the period from May 24, 1950 to June 24, 1950, inclusive; and to relevant factors of general applicability.

AMENDATORY PROVISIONS

Section 4 paragraph (a) (3) is amended to read as follows:

(3) If you are figuring your ceiling price for an item on the basis of a purchase made from a "service fee wholesaler", your "net cost" shall be his estimated ceiling price for the item figured on a single unit basis plus transportation charges you paid, if any, as defined in this section. You will be notified by the "service fee wholesaler" of his estimated ceiling price either on his invoice or order form or other written document.

(Sec. 704, 64 Stat. 816, as amended; 50 U. S. C. App. Sup. 2154)

Effective date. This amendment shall become effective on September 22, 1951.

MICHAEL V. DISALLE,
Director of Price Stabilization.

SEPTEMBER 17, 1951.

[F. R. Doc. 51-11334; Filed, Sept. 17, 1951; 12:20 p. m.]

[Ceiling Price Regulation 16, Amdt. 7]

CPR 16—CEILING PRICES OF CERTAIN FOODS SOLD AT RETAIL IN GROUP 1 AND GROUP 2 STORES

ADJUSTMENT OF CEILING PRICES FOR RETAILERS PURCHASING FROM SERVICE FEE WHOLESALERS

Pursuant to the Defense Production Act of 1950, as amended, Executive Order 10161 (15 F. R. 6105), and Economic Stabilization Agency General Order No. 2 (16 F. R. 738), this amendment to Ceiling Price Regulation 16 is issued.

STATEMENT OF CONSIDERATIONS

Amendment 8 to CPR 14 changes the provisions under which service fee wholesalers furnish their ceiling prices to retailers affiliated with their plan. The amendment to CPR 14 provides that the wholesaler furnish the retailer with his estimated ceiling price figured according to the method outlined in that amendment.

For this reason it is necessary to change the provisions of CPR 15 and CPR 16 regarding retailers purchasing from service fee wholesalers to conform with the changes made in the wholesale regulation. The retailer shall use the estimated ceiling prices furnished by the wholesaler as the basis for arriving at his "net cost" when figuring his ceiling prices.

In formulating this amendment the Director of Price Stabilization has consulted extensively with the Industry Advisory Committee and with industry representatives and has given full consideration to their recommendations. In his judgment the provisions of these regulations are generally fair and equitable and are necessary to effectuate the purposes of Title IV of the Defense Production Act of 1950 as amended.

So far as practicable the Director of Price Stabilization gave due consideration to the national effort to achieve maximum production in furtherance of the objective of the Defense Production Act of 1950 as amended; to prices prevailing during the period from May 24, 1950 to June 24, 1950, inclusive; and to relevant factors of general applicability.

AMENDATORY PROVISIONS

Section 4 paragraph (a) (3) is amended to read as follows:

(3) If you are figuring your ceiling price for an item on the basis of a purchase made from a "service fee wholesaler", your "net cost" shall be his estimated ceiling price for the item figured on a single unit basis plus transportation charges you paid, if any, as defined in this section. You will be notified by the "service fee wholesaler" of his estimated ceiling price either on his invoice or order form or other written document.

(Sec. 704, 64 Stat. 816, as amended; 50 U. S. C. App. Sup. 2154.)

Effective date. This amendment shall become effective on September 22, 1951.

MICHAEL V. DISALLE,
Director of Price Stabilization.

SEPTEMBER 17, 1951.

[F. R. Doc. 51-11333; Filed, Sept. 17, 1951; 12:20 p. m.]

[Ceiling Price Regulation 22, Amdt. 2 to Supplementary Regulation 11]

CPR 22—MANUFACTURERS' GENERAL CEILING PRICE REGULATION

SR 11—ALTERNATIVE PRICING METHODS FOR COATED FABRICS

EXTENSION OF FILING DATE AND DEFINITION

Pursuant to the Defense Production Act of 1950 as amended, Executive Order 10161 (15 F. R. 6105), and Economic Stabilization Agency General Order No. 2 (16 F. R. 738), this Amendment 2 to Supplementary Regulation 11 to Ceiling Price Regulation 22 is issued.

STATEMENT OF CONSIDERATIONS

The revocation of General Overriding Regulation 13 as amended lifted the partial suspension of CPR 22 and its supplementary regulations. In anticipation of CPR 22 becoming effective on August 13, 1951, Amendment 1 to Supplementary Regulation 11 to Ceiling Price Regulation 22 was issued extending until September 4, 1951 the time within which manufacturers of coated fabrics who had filed a Form 8 could resubmit a Form 8 pursuant to this supplementary regulation.

In view of the present indefinite postponement of CPR 22 it is deemed appropriate and desirable to extend correspondingly the date by which such manufacturers may resubmit a Form 8 under this regulation.

By this amendment, there is also effected a correction to SR 11 by redefining the term "unsupported sheeting" to include polyvinyl chloride resin.

In view of the clarifying and remedial nature of this amendment, the Director has not found it practicable or necessary to consult formally with industry representatives.

AMENDATORY PROVISIONS

1. The date September 4, 1951, in the second sentence of section 1 (a) is deleted and a phrase added so that the sentence now reads as follows: "Manufacturers subject to this supplementary regulation who have filed a Form 8 on a subject commodity may nevertheless, until and unless otherwise provided, resubmit another Form 8 computed pursuant to this supplementary regulation."

2. Section 9 of SR 11 is amended by redefining the term "unsupported sheeting" so that the definition now reads as follows:

"Unsupported sheeting" means a pliable unsupported continuous film of rubber, synthetic rubber, polyvinyl chloride resin or combinations thereof, having a gauge thickness of not less than 10 mils. For the purpose of this regulation, polyvinyl chloride resin means a polymer or copolymer, the main constituent of which is vinyl chloride in the amount of not less than 80 percent by weight.

(Sec. 704, 64 Stat. 816, as amended; 50 U. S. C. App. Sup. 2154)

Effective date. This amendment shall become effective September 22, 1951.

MICHAEL V. DISALLE,
Director of Price Stabilization.

SEPTEMBER 17, 1951.

[F. R. Doc. 51-11332; Filed, Sept. 17, 1951; 12:20 p. m.]

[Ceiling Price Regulation 22, Supplementary Regulation 15, Amendment 1]

CPR 22—MANUFACTURETS' GENERAL CEILING PRICE REGULATION

SR-15—STERILE CANNED MEAT AND DRY SAUSAGE

CHANGE IN MANDATORY FILING DATE

Pursuant to the Defense Production Act of 1950, as amended, Executive Order 10161 (15 F. R. 6105), and Economic Stabilization Agency General Order No. 2 (16 F. R. 738), this Amendment 1 to Supplementary Regulation 15, Ceiling Price Regulation 22, is hereby issued.

STATEMENT OF CONSIDERATIONS

A number of manufacturers of sterile canned meats and dry sausage have advised this agency that they will require more time to redetermine their ceiling prices under Supplementary Regulation 15 to Ceiling Price Regulation 22. In light of these representations, the mandatory filing date of Supplementary Regulation 15 is deferred from September 15, 1951 to November 1, 1951.

AMENDATORY PROVISIONS

Section 5, Supplementary Regulation 15, Ceiling Price Regulation 22 entitled "*Redetermination of ceiling prices*" is amended by deleting the date "September 15, 1951" wherever it appears in that section, and substituting therefor the date "November 1, 1951," and by deleting the date "September 16, 1951" wherever it appears in that section and substituting therefor the date "November 2, 1951."

(Sec. 704, 64 Stat. 816, as amended; 50 U. S. C. App. Sup. 2154)

Effective date. This amendment shall be effective September 14, 1951.

MICHAEL V. DISALLE,
Director of Price Stabilization.

SEPTEMBER 14, 1951.

[F. R. Doc. 51-11280; Filed, Sept. 14, 1951; 3:33 p. m.]

[Ceiling Price Regulation 22, Supplementary Regulation 16]

CPR 22—MANUFACTURERS' GENERAL CEILING PRICE REGULATION

SR 16—ADJUSTMENT OF CEILING PRICES OF SURGICAL GUTSTRING

Pursuant to the Defense Production Act of 1950, as amended, Executive Order 10161 (15 F. R. 6105), and Economic Stabilization Agency General Order No. 2 (16 F. R. 738), this Supplementary Regulation 16 to Ceiling Price Regulation 22 is hereby issued.

STATEMENT OF CONSIDERATIONS

This supplementary regulation provides for adjustment of ceiling prices of gutstring made from green sheep intestines and sold to manufacturers of surgical sutures. This adjustment is designed to alleviate gutstring manufacturers from the price squeeze caused by Supplementary Regulation 32 to the General Ceiling Price Regulation, which established ceiling prices for green sheep intestines.

Green sheep intestines are the raw material from which surgical catgut sutures are made. The manufacture of sutures has three distinct stages: The raw material—green sheep intestines—results as a by-product of the slaughtering of sheep; slaughterers supply these intestines to string makers who process them into gutstring; suture manufacturers purchase gutstring for the manufacture of surgical sutures. In general, these separate operations are carried on by different firms.

By long established industry practice, slaughterers sold the first nine yards of green sheep intestines to string makers at a per yard price substantially lower than that charged to sausage makers for the balance of the intestines. As a result, immediately prior to the General Ceiling Price Regulation, string makers were purchasing the first nine yards of green sheep intestines at a price of 17 cents, or 1.89 cents per yard; sausage makers were purchasing the balance of the intestines at a price of close to 4 cents per yard. Under the General Ceiling Price Regulation this price pattern was frozen.

Over the period of the past eight years the sheep kill has decreased by more than half, while the annual total of surgical operations has increased nearly 50 percent. Thus, a sharply stepped-up demand for sutures is confronted with a declining supply of raw material.

By the Spring of 1951, it became apparent that, in order to supply surgical-suture requirements, string manufacturers would have to purchase more than the first nine yards of intestines which they had customarily obtained from the slaughterers. Supplementary Regulation 32 to General Ceiling Price Regulation, issued on June 4, 1951, was designed to assure such additional supplies of intestines to string manufacturers. In effect, it changed the industry pattern as follows: over and above the first nine yards, for which the ceiling price remained 17 cents, additional yardage, up to 4½ yards, could now be purchased by string makers at a price of 4 cents per yard. In order to assure the availability of string makers' supplies, Supplementary Regulation 32 further provided that slaughterers' prices to sausage makers and other users, could not exceed the foregoing prices with respect to these first 13½ yards of intestines.

Supplementary Regulation 32 has been successful in making available for the suture industry a larger supply of green sheep intestines. However, since string makers are now using certain additional yardage purchased at a per yard price over twice as high as that for their traditional first nine yards, their average material costs have been increased substantially. Since their selling price on gutstring remains frozen under the terms of prevailing regulations, string makers are now caught in a price squeeze.

This supplementary regulation enables manufacturers of surgical gutstring to adjust their ceiling prices, periodically, in order to reflect material-cost changes. Such periodic adjustments are necessary because the average cost per yard of green sheep intestine will vary with the lengths of the intestines purchased. Thus, for example, some string makers may continue to purchase only nine-yard-lengths, while others may use up to 13½ yards. Between these two extremes, there is a 37¼ percent variation in cost per yard. The relative quantity of 4 cents per yard intestine purchased is expected to vary, not only as between different string makers, but as between different purchases by the same company. Thus periodic readjustments are necessary.

For the past twenty years, prices of gutstring have been adjusted automatically whenever the price of sheep intestines changed. This regulation incorporates the same general formula by which the industry has traditionally reflected changes in the cost of intestines.

This regulation will also have the effect of removing certain inequities caused by the General Ceiling Price Regulation. Slaughterers had raised their sheep-intestine price on nine-yard-lengths from 14½ cents to 17 cents early in January 1951. Some string makers were able to increase their prices to reflect this increase prior to January 26, 1951, the effective date of the General Ceiling Price Regulation. Others were caught by the squeeze before they were able to make an adjustment. This regulation will eliminate this inequity.

Whether an adjustment of ceiling prices of suture manufacturers is necessary will be determined after the effects of this regulation on the suture manufacturers have been studied.

In formulating this regulation the Director of Price Stabilization has consulted with industry representatives and has given full consideration to their recommendations. In his judgment the provisions of this regulation are generally fair and equitable and are necessary to effectuate the purposes of Title IV of the Defense Production Act of 1950, as amended.

So far as practicable, the Director of Price Stabilization gave due consideration to the national effort to achieve maximum production in furtherance of the Defense Production Act of 1950, as amended. The ceiling prices established by this regulation are not below the lower of (a) the prices prevailing just before the date of issuance of this regulation or (b) the prices prevailing during the period January 25, 1951, to February 24, 1951, inclusive, inasmuch as this regulation permits an adjustment for increased costs not heretofore permitted.

REGULATORY PROVISIONS

Sec.
1. What this regulation does.
2. Coverage.
3. Cost-experience periods and effective dates of adjusted ceiling prices.
4. Method of adjustment.
5. Reporting requirement.
6. Applicability of other regulations.

AUTHORITY: Sections 1 to 6 issued under sec. 704, 64 Stat. 816, as amended; 50 U. S. C. App. Sup. 2154. Interpret or apply Title IV, 64 Stat. 803, as amended; 50 U. S. C. App. Sup. 2101–2110, E. O. 10161, Sept. 9, 1950, 15 F. R. 6105; 3 CFR, 1950 Supp.

SECTION 1. *What this regulation does.* This supplementary regulation permits adjustment of ceiling prices of gutstring made from green sheep intestines and sold to manufacturers of surgical sutures. This adjustment is designed to permit gutstring manufacturers to reflect their increased cost on green sheep intestines resulting from the increase in slaughterers' ceiling prices under Supplementary Regulation 32 to the General Ceiling Price Regulation.

SEC. 2. *Coverage.* The adjustments provided by this regulation are appli-

cable only to gutstring which you sell to manufacturers of surgical sutures.

SEC. 3. *Cost-experience periods and effective dates of adjusted ceiling prices.* (a) You adjust your ceiling prices at the end of each of the following cost-experience periods, your adjusted ceiling prices to be effective between the dates prescribed:

(1) The first cost-experience period will run from July 1 through August 31, 1951. Your adjusted ceiling prices based upon this period may become effective on or after September 19, 1951, and will remain in effect through December 31, 1951.

(2) The second cost-experience period will run from September 1 through December 15, 1951. Your adjusted ceiling prices based upon this period will become effective on January 1, 1952, and will remain in effect through March 31, 1952.

(3) Thereafter, your adjusted ceiling prices will be established on the basis of quarterly cost-experience periods and will become effective on the first of the month following the end of each cost-experience period. The quarterly cost-experience periods and the effective dates for adjusted ceiling prices based thereon will be as follows:

Cost-experience periods	*Effective dates of adjusted ceiling prices*
December 16 through March 15	April 1 through June 30.
March 16 through June 15	July 1 through September 30.
June 16 through September 15	October 1 through December 31.
September 16 through December 15	January 1 through March 31.

(b) No adjusted ceiling prices shall become effective, however, unless or until you have complied with the reporting requirements of section 5 of this supplementary regulation.

(c) Your adjusted ceiling prices shall continue to be effective only for the periods prescribed in paragraph (a) of this section. This means that if you fail to make an adjustment on the basis of any cost-experience period you may no longer continue to use your existing ceiling prices calculated under this supplementary regulation, but must return to the use of the ceiling prices in effect as to you immediately preceding the effective date of this regulation, or such other ceiling prices as may be lawful.

SEC. 4. *Method of adjustment.* To calculate your adjusted ceiling prices you do the following:

(a) Determine the total yardage of green sheep intestines delivered to you during the cost-experience period just ended. This is referred to as "the total yardage".

(b) Divide "the total yardage" by 9. The resulting figure represents a conversion into nine-yard-lengths and is referred to as "the number of nine-yard-lengths".

(c) Determine your net invoice cost for "the total yardage". This is referred to as "the net invoice cost". It does not include transportation charges, and must show the actual cost paid by you where you have been purchasing at a discount.

(d) Divide "the net invoice cost" by "the number of nine-yard-lengths". This will give you "the average cost per nine-yard-length". (For example, if all deliveries of green sheep intestines to you during the cost-experience period were at a cost of 35 cents for 13½ yards, "the average cost per nine-yard-length" for the period would be 23⅓ cents. This is the maximum "average cost per nine-yard-length" possible.)

(e) From "the average cost per nine-yard-length" just calculated subtract "the average cost per nine-yard length" which you calculated for the immediately preceding cost-experience period. This gives you the "cost change per nine-yard-length", as between the cost-experience period just ended and the immediately preceding cost-experience period.

However, in calculating your adjustment based on the first cost-experience period (July 1 through August 31, 1951), the figure which you subtract from "the average cost per nine-yard-length" for this period is 14½ cents.

(f) You adjust your existing ceiling prices per 100-foot coil of gutstring upon the basis of "the cost change per nine-yard-length", so that for every one-cent change, up or down (depending upon whether "the average cost per nine-yard-length" has risen or declined since the cost-experience period immediately preceding) you will make the following corresponding increase or decrease in your existing ceiling price per 100-foot coil of gutstring:

100-foot coil:	*Increase or decrease (cents)*
Thick gauge gut (size 1 and heavier)	10
Medium gauge gut (size 0)	7½
Small gauge gut (size 2–0 and finer)	5

If "the cost change per nine-yard-length" contains a fraction of a cent you will adjust your existing ceiling prices proportionally in accordance with the above formula. Likewise, the adjustment in ceiling prices for lengths other than 100-foot coils shall be proportionate to the foregoing adjustments for a 100-foot coil.

Example: Using section 3 (a) (3).

(a) During the cost-experience period just ended "the total yardage" of green sheep intestine delivered to you was 900,000 yards.

(b) Dividing "the total yardage" by 9 gives you 100,000 as "the number of nine-yard-lengths".

(c) "The net invoice cost" for "the total yardage" was $22,500.

(d) Dividing "the net invoice cost" ($22,500) by "the number of nine-yard-lengths" (100,000) gives you "the average cost per nine-yard-length": 22.5 cents.

(e) If "the average cost per nine-yard-length" which you calculated for the immediately preceding cost-experience period was 20 cents, then "the cost change per nine-yard-length" is plus 2½ cents.

(f) Thus, in accordance with the formula, your ceiling prices per 100-foot coil of gutstring will be increased 25 cents on thick gauge gut (Size 1 and heavier); 18¾ cents on Size 0 gut; and 12½ cents on small gauge gut (Size 2–0 and finer). These adjusted ceiling prices will go into effect on the first of the month following the end of the cost-experience period.

SEC. 5. *Reporting requirement.* Within five days after the end of each cost-experience period you must file with the Professional Goods Section, Consumer Durable Goods Division, Office of Price Stabilization, Washington 25, D. C., a report showing how your proposed ceiling-price adjustment for the next quarterly period is calculated. This report shall include the following information:

(a) The total yardage of green sheep intestine delivered to you during the cost-experience period just ended:

(1) At 1.89 cents per yard (i. e., 9 yards @ 17 cents);

(2) At 4 cents per yard (i. e., the lengths between 9 and 13½ yards).

(b) "The average cost per nine-yard-length" of all green sheep intestines delivered to you during the cost-experience period just ended as determined under section 4 (d) of this supplementary regulation.

(c) Your total sales, dollar amount and footage, of gutstring during the cost-experience period just ended:

(1) To suture manufacturers;

(2) To users other than suture makers.

(d) Your ceiling prices on gutstring during the cost-experience period just ended.

(e) "The average cost per nine-yard-length" of green sheep intestines delivered to you during the cost-experience period immediately preceding the one just ended.

(f) Your adjusted ceiling prices on gutstring for the next quarterly period.

SEC. 6. *Applicability of other regulations.* The record-keeping section and all other sections of Ceiling Price Regulation 22 remain in full force and effect except as specifically altered by the provisions of this supplementary regulation.

Effective date. This Supplementary Regulation 16 shall become effective September 19, 1951.

NOTE. The record-keeping and reporting requirements of this regulation have been approved by the Bureau of the Budget in accordance with the Federal Reports Act of 1942.

MICHAEL V. DISALLE,
Director of Price Stabilization.

SEPTEMBER 17, 1951.

[F. R. Doc. 51–11388; Filed, Sept. 17, 1951, 4:00 p. m.]

[Ceiling Price Regulation 67, Amdt. 2]

CPR 67—RESELLERS' CEILING PRICES FOR MACHINERY AND RELATED MANUFACTURED GOODS

INTERIM PRICING FOR RESELLERS WHO APPLY FOR A CEILING PRICE UNDER SECTION 5

Pursuant to the Defense Production Act of 1950, as amended, Executive Order 10161 (15 F. R. 6105), and Economic Stabilization Agency General Order No. 2 (16 F. R. 738), this amendment 2 to Ceiling Price Regulation 67, is hereby issued.

STATEMENT OF CONSIDERATIONS

Ceiling Price Regulation 67, at the present time, provides that a reseller who cannot price under sections 3 or 4 of this regulation may apply for a price under section 5. Under section 5 a reseller may have to wait for as long as thirty days before he is able to deal in a commodity for which an application for a price has been made. Obviously, such a result can impose hardship upon resellers who are placed in this position. This amendment permits a reseller to use his General Ceiling Price Regulation or Supplementary Regulation 29 ceiling prices if he has established such prices, or if not, the reseller may use his proposed price but may not be paid more than 75 percent of such price until it is approved by the Office of Price Stabilization. Thus, this action will enable resellers to continue selling a commodity while awaiting price approval by the Office of Price Stabilization.

The wide coverage of this amendment and the urgency of the situation has made it impossible to consult in detail with representatives of all the industries affected. However, in the preparation of this amendment, consideration has been given to previous recommendations made by many industry representatives.

AMENDATORY PROVISION

Ceiling Price Regulation 67 is amended as follows:

1. A new paragraph (g) is added to section 5 to read as follows:

(g) *Interim pricing.* If you file the report required by this section for the commodity for which you cannot determine your ceiling price under sections 3 or 4 of this regulation, and if, prior to the effective date of this regulation, your ceiling price for this commodity was established under the General Ceiling Price Regulation or Supplementary Regulation 29 to the General Ceiling Price Regulation, you may continue to use your GCPR or SR 29 ceiling price until a date thirty days from the date of the receipt of the required report by the OPS or until the effective date of any order establishing your ceiling prices under the provisions of this section, whichever date is the earlier.

However, if you have not established a GCPR or SR 29 ceiling price for the commodity you are pricing under this section, you may quote or charge your proposed price, prior to receipt of approval by the OPS of your proposed price, or prior to the expiration of the thirty day period, after receipt by the OPS of the required report (or of any verification of the fact stated in the report that may be requested), but, until a ceiling price has been established under this section, not more than 75 percent of your proposed price may be paid or received.

(Sec. 704, 64 Stat. 816, as amended; 50 U. S. C. App. Sup. 2154)

Effective date. This amendment shall become effective September 22, 1951.

MICHAEL V. DISALLE,
Director of Price Stabilization.

SEPTEMBER 17, 1951.

[F. R. Doc. 51-11236; Filed, Sept. 17, 1951; 4:00 p. m.]

[General Ceiling Price Regulation, Amendment 6 to Supplementary Regulation 5]

GCPR, SR 5—RETAIL PRICES FOR NEW AND USED AUTOMOBILES

INCREASES FOR NEW AUTOMOBILES

Pursuant to the Defense Production Act of 1950, as amended, Executive Order 10161 (15 F. R. 6105), and Economic Stabilization Agency General Order No. 2 (16 F. R. 738), this Amendment 6 to Supplementary Regulation 5 (16 F. R. 1769) to the General Ceiling Price Regulation is hereby issued.

STATEMENT OF CONSIDERATIONS

Ceiling Price Regulation 1, Revision 1, establishing new ceiling prices for the sales of new passenger automobiles by manufacturers has been issued, effective September 7, 1951. Under the terms of that revised regulation, manufacturers may adjust their prices upward for automobiles and items of extra, special or optional equipment under a formula reflecting certain cost increases since June 24, 1950. Necessarily, retail dealers must also be permitted to adjust prices for new automobiles and items of extra, special or optional equipment.

Accordingly, as an interim measure, this amendment is issued permitting the dealer to realize the increased cost and his historical percentage markup on the increase in cost to him on automobiles and items of extra, special or optional equipment that he purchases from those manufacturers after September 14, 1951.

In the preparation of this amendment a conference was held with the Retail Motor Vehicle Industry Advisory Committee. In substance, the amendment embodies the recommendations of that committee.

AMENDATORY PROVISIONS

Supplementary Regulation 5 to the General Ceiling Price Regulation is amended in the following respects:

1. Section 3 (b) is amended by adding a sentence to read as follows: With respect to any extra, special or optional equipment purchased by the seller after September 14, 1951, the seller may add to the charge for such equipment the sum of the following:

(1) The amount, in dollars and cents, by which the manufacturer has increased his price for such equipment to the seller after September 14, 1951.

(2) The amount, in dollars and cents, found under subparagraph (1) of this paragraph multiplied by the percentage markup over the manufacturer's wholesale price which the seller had in effect during the month of February 1951 on sales of such equipment.

2. Section 3 (h) is amended to read as follows:

(h) With respect to automobiles purchased by the seller after March 1, 1951, the amount, in dollars and cents, by which the manufacturer of the automobile has increased his price to the seller between March 1 and September 14, 1951. In addition, with respect to automobiles purchased by the seller after September 14, 1951, the sum of the following:

(1) The amount, in dollars and cents, by which the manufacturer of the automobile has increased his price for the automobile to the seller after September 14, 1951.

(2) The amount, in dollars and cents, found under subparagraph (1) of this paragraph multiplied by the percentage markup over the manufacturer's wholesale price which the seller had in effect during the month of February 1951 on the same make and line of automobile.

Effective date. This amendment shall become effective September 14, 1951, and shall remain in effect until October 15, 1951, or such earlier date as may be specified by an amendment, regulation or order issued by the Office of Price Stabilization.

MICHAEL V. DISALLE,
Director of Price Stabilization.

SEPTEMBER 14, 1951.

[F. R. Doc. 51-11279; Filed, Sept. 14, 1951; 3:33 p. m.]

[General Ceiling Price Regulation, Supplementary Regulation 60]

GCPR, SR 60—ADJUSTMENT OF CEILING PRICES OF SURGICAL GUTSTRING

Pursuant to the Defense Production Act of 1950, as amended, Executive Order 10161 (15 F. R. 6105), and Economic Stabilization Agency General Order No. 2 (16 F. R. 738), this Supplementary Regulation 60 to the General Ceiling Price Regulation is hereby issued.

STATEMENT OF CONSIDERATIONS

The considerations underlying the issuance of this supplementary regulation are the same as those stated in Supplementary Regulation 16 to Ceiling Price Regulation 22, issued September 17, 1951.

REGULATORY PROVISIONS

Sec.
1. What this regulation does.
2. Coverage.
3. Cost-experience periods and effective dates of adjusted ceiling prices.
4. Method of adjustment.
5. Reporting requirement.
6. Applicability of other Regulations.

AUTHORITY: Sections 1 to 6 issued under sec. 704, 64 Stat. 816, as amended; 50 U. S. C. App. Sup. 2154. Interpret or apply Title IV, 64 Stat. 803, as amended; 50 U. S. C. App. Sup. 2101-2110, E. O. 10161, Sept. 9, 1950, 15 F. R. 6105; 3 CFR, 1950 Supp.

SECTION 1. *What this regulation does.* This supplementary regulation permits adjustment of ceiling prices of gutstring made from green sheep intestines and sold to manufacturers of surgical sutures. This adjustment is designed to permit gutstring manufacturers to reflect their increased cost on green sheep intestines resulting from the increase in slaughterers' ceiling prices under Supplementary Regulation 32 to the General Ceiling Price Regulation.

SEC. 2. *Coverage.* The adjustments provided by this regulation are applicable only to gutstring which you sell to manufacturers of surgical sutures.

SEC. 3. *Cost-experience periods and effective dates of adjusted ceiling prices.* (a) You adjust your ceiling prices at the end of each of the following cost-experience periods, your adjusted ceiling prices

to be effective between the dates prescribed:

(1) The first cost-experience period will run from July 1 through August 31, 1951. Your adjusted ceiling prices based upon this period may become effective on or after September 19, 1951, and will remain in effect through December 31, 1951.

(2) The second cost-experience period will run from September 1 through December 15, 1951. Your adjusted ceiling prices based upon this period will become effective on January 1, 1952, and will remain in effect through March 31, 1952.

(3) Thereafter, your adjusted ceiling prices will be established on the basis of quarterly cost-experience periods and will become effective on the first of the month following the end of each cost-experience period. The quarterly cost-experience periods and the effective dates for adjusted ceiling prices based thereon will be as follows:

Cost-experience periods	*Effective dates of adjusted ceiling prices*
December 16 through March 15	April 1 through June 30.
March 16 through June 15	July 1 through September 30.
June 16 through September 15	October 1 through December 31.
September 16 through December 15	January 1 through March 31.

(b) No adjusted ceiling prices shall become effective, however, unless or until you have complied with the reporting requirements of section 5 of this supplementary regulation.

(c) Your adjusted ceiling prices shall continue to be effective only for the periods prescribed in paragraph (a) of this section. This means that if you fail to make an adjustment on the basis of any cost-experience period you may no longer continue to use your existing ceiling prices calculated under this supplementary regulation, but must return to the use of the ceiling prices in effect as to you immediately preceding the effective date of this regulation, or such other ceiling prices as may be lawful.

SEC. 4. *Method of Adjustment.* To calculate your adjusted ceiling prices you do the following:

(a) Determine the total yardage of green sheep intestines delivered to you during the cost-experience period just ended. This is referred to as "the total yardage".

(b) Divide "the total yardage" by 9. The resulting figure represents a conversion into nine-yard-lengths and is referred to as "the number of nine-yard-lengths".

(c) Determine your net invoice cost for "the total yardage". This is referred to as "the net invoice cost". It does not include transportation charges, and must show the actual cost paid by you where you have been purchasing at a discount.

(d) Divide "the net invoice cost" by "the number of nine-yard-lengths". This will give you "the average cost per nine-yard-length". (For example, if all deliveries of green sheep intestines to you during the cost-experience period were at a cost of 35 cents for 13½ yards, "the average cost per nine-yard length" for the period would be 23⅓ cents. This is the maximum "average cost per nine-yard-length" possible.)

(e) From "the average cost per nine-yard-length" just calculated subtract "the average cost per nine-yard-length" which you calculated for the immediately preceding cost-experience period. This gives you the "cost change per nine-yard-length", as between the cost experience period just ended and the immediately preceding cost-experience period.

However, in calculating your adjustment based on the first cost-experience period (July 1 through August 31, 1951), the figure which you subtract from "the average cost per nine-yard-length" for this period is determined as follows:

(1) If you raised your selling prices in January, 1951 (i. e., before the effective date of the GCPR) to reflect the increased cost of green sheep intestines, you subtract 17 cents.

(2) If you did not raise your selling prices in January, 1951, to reflect the increased cost of green sheep intestines, you subtract 14½ cents.

(f) You adjust your existing ceiling price per 100-foot coil of gutstring upon the basis of "the cost change per nine-yard-length", so that for every one-cent change, up or down (depending upon whether "the average cost per nine-yard-length" has risen or declined since the cost-experience period immediately preceding) you will make the following corresponding increase or decrease in your existing celing price per 100-foot coil of gutstring:

100-foot coil:	*Increase or decrease (cents)*
Thick gauge gut (size 1 and heavier)	10
Medium gauge gut (size 0)	7½
Small gauge gut (size 2–0 and finer)	5

If "the cost change per nine-yard-length" contains a fraction of a cent you will adjust your existing ceiling prices proportionally in accordance with the above formula. Likewise, the adjustment in ceiling prices for lengths other than 100-foot coils shall be proportionate to the foregoing adjustments for a 100-foot coil.

Example: Using section 3 (a) (3).

(a) During the cost-experience period just ended "the total yardage" of green sheep intestine delivered to you was 900,000 yards.

(b) Dividing "the total yardage" by 9 gives you 100,000 as "the number of nine-yard-lengths".

(c) "The net invoice cost" for "the total yardage" was $22,500.

(d) Dividing "the net invoice cost" ($22,500) by "the number of nine-yard-lengths" (100,000) gives you "the average cost per nine-yard-length": 22.5 cents.

(e) If "the average cost per nine-yard-length" which you calculated for the immediately preceding cost-experience period was 20 cents, then "the cost change per nine-yard-length" is plus 2½ cents.

(f) Thus, in accordance with the formula, your ceiling prices per 100-foot coil of gutstring will be increased 25 cents on thick gauge gut (Size 1 and heavier); 18¾ cents on Size 0 gut; and 12½ cents on small gauge gut (Size 2–0 and finer). These adjusted ceiling prices will go into effect on the first of the month following the end of the cost-experience period.

SEC. 5. *Reporting requirement.* Within five days after the end of each cost-experience period you must file with the Professional Goods Section, Consumer Durable Goods Division, Office of Price Stabilization, Washington 25, D. C., a report showing how your proposed ceiling-price adjustment for the next quarterly period is calculated. This report shall include the following information:

(a) The total yardage of green sheep intestine delivered to you during the cost-experience period just ended:

(1) At 1.89 cents per yard (i. e., 9 yards @ 17 cents);

(2) At 4 cents per yard (i. e., the lengths between 9 and 13½ yards).

(b) "The average cost per nine-yard-length" of all green sheep intestines delivered to you during the cost-experience period just ended, as determined under section 4 (d) of this supplementary regulation.

(c) Your total sales, dollar amount and footage, of gutstring during the cost-experience period just ended:

(1) To suture manufacturers;

(2) To users other than suture makers.

(d) Your ceiling prices on gutstring during the cost-experience period just ended.

(e) "The average cost per nine-yard-length" of green sheep intestines delivered to you during the cost-experience period immediately preceding the one just ended.

(f) Your adjusted ceiling prices on gutstring for the next quarterly period.

SEC. 6. *Applicability of other Regulations.* The record-keeping section and all other sections of the General Ceiling Price Regulation remain in full force and effect except as specifically altered by the provisions of this supplementary regulation.

Effective date. This Supplementary Regulation 60 shall become effective September 19, 1951.

NOTE: The record-keeping and reporting requirements of this regulation have been approved by the Bureau of the Budget in accordance with the Federal Reports Act of 1942.

MICHAEL V. DISALLE,
Director of Price Stabilization.

SEPTEMBER 17, 1951.

[F. R. Doc. 51-11337; Filed, Sept. 17, 1951; 4:00 p. m.]

[General Ceiling Price Regulation, Supplementary Regulation 61]

GCPR, SR 61—ADJUSTMENT OF PROCESSED BEEF CEILING PRICES

Pursuant to the Defense Production Act of 1950, as amended, Executive Order 10161 (15 F. R. 6105) and Economic Stabilization Agency General Order No. 2 (16 F. R. 738), this Supplementary Regulation No. 61 to the General Ceiling Price Regulation (16 F. R. 809) is hereby issued.

STATEMENT OF CONSIDERATIONS

Ceiling Price Regulation 24 required that processors of cured, corned, cooked, smoked, dried and barbecued beef items who sold those items during 1950 continue to price them under the General Ceiling Price Regulation. CPR 24 also required persons who did not sell these items during 1950 and who desired to process them to apply to the Director of Price Stabilization for a ceiling price. This regulation continues this latter requirement and affects only the ceiling prices of those processors who sold the processed item in 1950 and the intermediate distributors and retailers marketing their products.

It is necessary to adjust the GCPR prices of some processed beef products and this supplementary regulation, therefore, adjusts these prices, for two principal reasons:

(1) Certain processors, in conformance with the President's request, did not, during the freeze period, December 19, 1950 to January 25, 1951, inclusive, increase their selling prices for their products despite the fact that their beef raw materials were sharply increasing in price. When the GCPR was issued, these processors were frozen with abnormally low prices relative to costs and were required to operate with reduced margins. At the same time, other processors raised their prices during the freeze period in excess of the amount warranted by their increased costs, with the result that their GCPR prices are excessively high. This supplementary regulation, by adjusting the prices of all processed beef manufacturers, enables those with subnormal prices to increase their selling prices while reducing the prices of those processors with excessive ceiling prices.

(2) The dollars-and-cents ceiling prices established by Ceiling Price Regulation 24 for beef items sold at wholesale were based on the levels generally prevailing at Chicago during the freeze period, the period used to determine the GCPR prices for processed beef products. These ceiling prices contain geographic price differentials necessary to encourage the movement of beef from mid-western surplus producing areas to deficit producing areas in the eastern and western sections of the country. As a result of these differentials, ceiling prices in the coastal areas are higher than in the mid-west. In a normal economy, prices in the New York area are occasionally equal to or lower than the corresponding prices at Chicago for surplus beef products. This was true of certain of the beef items used in processing beef during the freeze period. The effect of CPR 24 was to raise these unusually low New York prices to the level of Chicago prices during the freeze period plus the amount of the freight differential between Chicago and New York. The temporary surplus of the beef items used for processing beef ended after the freeze period and these items are now being sold in the New York area at ceiling prices. Processors in the New York area are thus faced with substantial increases in their material costs since January, and this supplementary regulation permits these processors to increase their ceiling prices by the amount of these cost increases.

The technique followed in this regulation is to determine the weighted average selling price of a processed beef product during the three-month period immediately preceding the outbreak of the Korean conflict. This three-month period is treated as the base period in this regulation. The basic raw material costs used in the production of the processed beef products are also determined for this three-month period. The current cost of the raw materials is determined under CPR 24 and any change in the cost of raw materials is required to be added to or subtracted from the weighted average selling price of the commodity during the three-month base period. The change in the value of the salvage or scrap materials derived in the course of the processing operation is accounted for in the amount of the adjustment required by the regulation. Thus sellers of processed beef products are required to adjust their prices to reflect changes in their material costs.

This regulation also adjusts the ceiling prices of intermediate distributors and retail sellers of those processed beef products which have had ceiling price adjustments at the processing level. The regulation requires these sellers to adjust their ceiling prices by the exact amount of increase or decrease required in the ceiling prices of their suppliers. It is not believed that this interim adjustment will reduce the margins of these sellers below their customary percentage margins over material costs during the period May 24 to June 24, 1950. A survey of these sellers' margins will be made prior to the issuance of dollars-and-cents ceiling prices on these items, and their margins, reflected in those prices, will be set at the pre-Korean level.

This supplementary regulation will establish more uniform prices for similar processed beef products because basic raw material costs will be comparable, under Ceiling Price Regulation 24, for all sellers in a given region of the country. While this regulation minimizes the disparities between sellers occasioned by their different maximum selling prices during the freeze period, it is not intended that this regulation remain in effect for an extended period. It is the plan of the Office of Price Stabilization to issue dollars-and-cents ceiling prices for processed beef products at the processing wholesale and retail levels after the analysis of the processed beef reports submitted pursuant to Ceiling Price Regulation 24 and this supplementary regulation.

FINDINGS OF THE DIRECTOR OF PRICE STABILIZATION

In the judgment of the Director of Price Stabilization the provisions of this supplementary regulation are generally fair and equitable and are necessary to effectuate the purposes of Title IV of the Defense Production Act of 1950, as amended. The prices fixed by this regulation will not be below the prices prevailing prior to the issuance of this regulation.

So far as practicable the Director of Price Stabilization gave due consideration to the national effort to achieve maximum production in furtherance of the objectives of the Defense Production Act of 1950, as amended; to prices prevailing during the period from May 24, 1950 to June 24, 1950, inclusive; and to relevant factors of general applicability.

In formulating this supplementary regulation the Director has consulted with representatives of the industry to the extent practicable under the circumstances and has given consideration to their recommendations.

REGULATORY PROVISIONS

ARTICLE I—INTRODUCTION

Sec.
1. What this regulation does.
2. Where this regulation applies.

ARTICLE II—PROCESSORS

5. Adjusted ceiling price.
6. Base period selling price.
7. Base period material cost.
8. Current material cost.
9. Material cost adjustment.
10. By-product credit adjustment.
11. Processors who cannot price under section 5.
12. More than one establishment.

ARTICLE III—INTERMEDIATE DISTRIBUTORS AND RETAILERS

16. Adjustment of ceiling prices.

ARTICLE IV—GENERAL PROVISIONS

20. Reports, records and statements.
21. Delegation of authority.
22. Prohibitions.
23. Incorporation of GCPR by reference.
24. Definitions.

APPENDIX

A. Examples.

AUTHORITY: Sections 1 to 24 issued under sec. 704, 64 Stat. 816, as amended; 50 U. S. C. App. Sup. 2154. Interpret or apply Title IV, 64 Stat. 803, as amended; 50 U. S. C. App. Sup. 2101–2110; E. O. 10161, Sept. 9, 1950, 15 F. R. 6105; 3 CFR, 1950 Supp.

ARTICLE I—INTRODUCTION

SECTION 1. *What this regulation does.* This supplementary regulation establishes the ceiling prices for cured, corned, cooked, smoked, dried, and barbecued beef products, superseding those established by the General Ceiling Price Regulation and Ceiling Price Regulation 24. This regulation does not apply to sales of canned meat, sausage, ground beef, or specialty steak products nor does it supersede section 4 (d) of Ceiling Price Regulation 24, as amended.

SEC. 2. *Where this regulation applies.* This supplementary regulation applies in the forty-eight states of the United States and the District of Columbia.

ARTICLE II—PROCESSORS

SEC. 5. *Adjusted ceiling price.* (a) You compute your "adjusted ceiling price" for a commodity (as defined in section 24) you process as follows:

(1) Determine your "base period selling price" for the commodity (see section 6);

(2) Determine your "material cost adjustment" (see section 9);

(3) Determine your "by-product credit adjustment" (see section 10);

(4) Add item (1) and item (2) and subtract item (3);

(5) Round the result of your calculation in item (4) to the nearest 10 cents per cwt. This rounded figure is your "adjusted ceiling price" per cwt.

(b) *Alternate method of obtaining an adjusted ceiling price.* If you are unable to compute an "adjusted ceiling price" for a commodity under the provisions of section 5 (a), you shall apply for an adjusted ceiling price under section 11.

SEC. 6. *Base period selling price.* (a) If, during the period April 1, 1950 to June 30, 1950, inclusive, you sold and delivered a commodity which you process, you determine your "base period selling price" per cwt. for that commodity by computing the price at which you sold and delivered the commodity during the base period. Determine that price as follows:

(1) Determine the total dollar sales of that commodity sold and delivered by you during this three-month period.

(2) Determine the total number of pounds of the commodity sold and delivered during the three-month period.

(3) Divide item (1) by item (2).

(4) Multiply the result in item (3) by 100. The resulting product is your "base period selling price" per cwt. for that commodity.

(b) If you cannot compute your "base period selling price" under the provisions of this section, see section 11.

(c) If your "base period selling price" for a commodity includes any excise, sales or other similar tax which is not separately stated, you must first compute the amount of such tax and exclude it from your "base period selling price." Your "base period selling price" with the tax excluded may then be used in making the computations to determine your "adjusted ceiling price." After completing the computation, you may then add the appropriate tax as part of your "adjusted ceiling price." In the case of an increase in a tax subsequent to your base period, you may include the increased tax as part of the "adjusted ceiling price." Likewise, in the case of a similar tax first imposed subsequent to the base period, you may include the appropriate amount of such tax as part of your "adjusted ceiling price."

SEC. 7. *Base period material cost.* (a) If during the base period you bought and received the raw material for the commodity you process from an unaffiliated source, your "base period material cost" will be the price you paid for the raw material during the base period. You determine your price for the raw material as follows:

(1) Determine the total dollar purchases of the raw material bought and received by you during this three-month period.

(2) Determine the total number of pounds of the raw material bought and received by you during the three-month period.

(3) Divide item (1) by item (2). The resulting quotient is your "base period material cost" per pound.

(b) If during the base period you did not buy and receive any of the raw material for the commodity you process from an unaffiliated source, but obtained your raw material from your own plant, or from a plant affiliated with you, your "base period material cost" will be the highest price at which you or the nearest plant affiliated with you sold and delivered at least 10 percent of your or its deliveries of such raw material to unaffiliated purchasers during the base period.

(c) If you cannot compute your "base period material cost" under the provisions of this section, see section 11.

SEC. 8. *Current material cost.* Your "current material cost" for the raw material used in any commodity you process at your processing plant shall be:

(a) The ceiling price listed in section 20, 22, or 26 of CPR 24, whichever is applicable, plus

(b) On items listed in section 20 or 26 of CPR 24, the zone addition provided in section 40 of CPR 24, assuming the distribution point is your processing plant, plus

(c) The local delivery addition provided in section 41 of CPR 24 up to $0.40 per cwt. plus

(d) The packaging addition provided in section 45 of CPR 24 up to $0.70 per cwt. plus

(e) The wholesaler's addition provided in section 42 of CPR 24 up to $0.75 per cwt. if actually incurred. You determine this wholesaler's addition as follows. For the 30 days immediately preceding the issuance date of this regulation you determine—

(1) The total amount of raw material for the commodity by weight bought and received by you from all sources, including beef obtained from your own and affiliated sources;

(2) The total amount of raw material for the commodity by weight bought and received from wholesalers and upon which you paid the wholesaler's addition provided for in CPR 24, section 42. However, if the item is a boneless beef item under section .2 of CPR 24 and the purchase is made from a wholesaler in a lower price zone than the one in which your establishment is located do not include such purchases in making this computation;

(3) Divide item 2) by item (1);

(4) Multiply item (3) by $1.25;

(5) Take item (4) or $0.75, whichever is lower, as the CPR 24 section 42 wholesaler's addition for the purposes of this section.

Example: A processor of dried beef in Philadelphia bought beef ham sets as follows:

(i) 5,000 pounds from wholesalers in Philadelphia.

(ii) 30,000 pounds from wholesalers in Chicago.

(iii) 5,000 pounds from slaughterers in Philadelphia.

(iv) 10,000 pounds from wholesalers in New York.

To compute the amount of the wholesaler's addition:

(i) Determine the total purchases by adding all the above amounts. The result is 50,000 pounds.

(ii) Determine the amount of purchases on which the wholesaler's addition is permitted, 15,000 pounds—the 5,000 pounds purchased locally and the 10,000 pounds purchased from wholesalers in New York.

(iii) Divide item (ii) by item (i). The result is 30 percent.

(iv) Multiply item (iii) by $1.25. The result is $0.37½.

This is the amount which may be used as the wholesaler's addition in determining the current cost of the raw materials used in processing the commodity.

(f) Add items (a), (b), (c), (d) and (e) and divide the result by 100. The resulting quotient is your "current material cost" per pound.

SEC. 9. *Material cost adjustment.* Determine your "material cost adjustment" as follows:

(a) Compute the number of pounds of raw material used to make 100 pounds of the finished commodity;

(b) Determine the difference per pound between the "current material cost" (section 8) and the "base period material cost" (section 7);

(c) Multiply item (a) by item (b). The result is your "material cost adjustment" for 100 pounds of the commodity.

SEC. 10. *By-product credit adjustment.* Determine your "by-product credit adjustment" for such items as trimmings, bones, and fat as follows:

(a) Determine the current ceiling price for a pound of each of your by-products;

(b) Determine the base period selling price of a pound of each of your by-products in the manner used to determine the "base period selling price" (section 6). If you did not sell and deliver each of your by-products during the base period, see section 11;

(c) For each by-product subtract item (b) from item (a);

(d) For each by-product, multiply the result in item (c) by the number of pounds of that by-product derived from the raw materials used in 100 pounds of the commodity;

(e) Add the results obtained under item (d). The resulting sum is your "by-product credit adjustment" to be used in determining your "adjusted ceiling price" under section 5.

SEC. 11. *Processors who cannot price under section 5.* If you are unable to determine an "adjusted ceiling price" under section 5, you shall apply to the Regional Director of Price Stabilization in your local Regional Office for an "adjusted ceiling price."

Your application should contain the following:

(a) The name and address of your company.

(b) The name of the commodity for which an "adjusted ceiling price" is requested.

(c) A complete description of the processing operation, including a cutting test to show:

(1) The amount and grade of beef raw material used to produce 100 pounds of the commodity;

(2) The amount of each type of by-product such as trimmings, bones, and fat, obtained from the raw materials used to produce 100 pounds of the commodity; and

(3) If there is a curing gain or processing shrink, the amount of the gain or shrink per 100 pounds of the commodity.

(d) An explanation of the reason why an "adjusted ceiling price" cannot be determined under section 5.

(e) The date this commodity was first sold by you.

(f) Your GCPR ceiling price. If your GCPR price was determined by reference to another commodity, state under what provision of the General Ceiling Price Regulation it was priced, and how the computation was made.

(f) Total dollar volume of the commodiy sold during 1950.

(g) Total dollar volume of all meat sales during 1950.

SEC. 12. *More than one establishment.* If you are currently processing the same commodity at two or more establishments you must calculate a separate "adjusted ceiling price" for each commodity processed at each establishment.

ARTICLE III—INTERMEDIATE DISTRIBUTORS AND RETAILERS

SEC. 16. *Adjustment of ceiling prices*—(a) *Intermediate distributors.* (1) If you are an intermediate distributor you shall adjust your GCPR ceiling price for a commodity by the dollars-and-cents amount by which your supplier has adjusted his ceiling price under the provisions of this supplementary regulation after he has given you the notice required by section 20 (c) (1) (ii). You must give your customer a similar notice upon your initial sale of the commodity to him at your adjusted ceiling price.

(2) If your supplier of a commodity purchased by you at an "adjusted ceiling price" is required to modify, suspend or cancel his "adjusted ceiling price", he is required, upon his initial sale of that commodity to you thereafter, to give you the statement provided for in section 20 (c) (2) (ii). After he has given you this notice, you shall adjust your ceiling price accordingly and you must thereafter give to each customer a similar notice upon his initial purchase of that commodity from you at your newly adjusted ceiling price.

(b) *Retailers.* (1) If you are a retailer you shall adjust your GCPR ceiling price for a commodity by the dollars-and-cents amount by which your supplier of that commodity has adjusted his ceiling price under the provisions of this supplementary regulation after he has given you the notice required by section 20 (c) (1) (ii).

(2) If your supplier of a commodity purchased by you at an "adjusted ceiling price" is required to modify, suspend or cancel his "adjusted ceiling price", he is required, upon his initial sale of that commodity to you thereafter, to give you the statement provided for in section 20 (c) (2) (ii). After he has given you this notice, you shall adjust your adjusted ceiling price accordingly.

ARTICLE IV—GENERAL PROVISIONS

SEC. 20. *Reports, records, and statements*—(a) *Reports.* If you are a processor of a commodity, you must file by registered mail, return receipt requested, with your Regional Director of the Office of Price Stabilization, on or before the sixtieth day after the effective date of this regulation, or before you sell a commodity which you process, whichever is later, a separate OPS Public Form No. 89 for each commodity you process. Copies of this form may be obtained from any regional or district office of the Office of Price Stabilization. In addition, if your "adjusted ceiling price" for a commodity is higher than your GCPR price for that commodity, you may not sell that commodity at your "adjusted ceiling price" until 15 days after receipt by the Regional Director of the Office of Price Stabilization of the report filed pursuant to this Section 20 (a), after which time you may sell the commodity at your "adjusted ceiling price" unless you are notified by the Regional Director of the Office of Price Stabilization that your "adjusted ceiling price" has been disapproved, modified, or that more information is required. If you receive a request for additional information, you must file it by registered mail, return receipt requested, and you may not sell that commodity at your "adjusted ceiling price" until 15 days after receipt of the additional information by the inquiring OPS office.

(b) *Record-keeping requirements.* (1) You shall preserve for a period of two years after the effective date of this regulation all records and documents used in connection with any application which you may file under this supplementary regulation.

(2) You may, at the expiration of 90 days from the date of any transaction, preserve the records of that transaction on microfilm.

(c) *Furnishing invoices and statements.* (1) If you are a processor of a commodity with an "adjusted ceiling price", you shall, after the expiration of the 15-day period following receipt by the Regional Director of the Office of Price Stabilization of the report filed pursuant to section 20 (a), furnish each customer, other than an ultimate consumer, upon his initial purchase from you of that commodity at your "adjusted ceiling price":

(i) A purchase invoice for that commodity; and

(ii) A statement in the following form:

The Office of Price Stabilization has adjusted our ceiling price for_____
_____
(Name of commodity)
_____ by [increasing] [decreasing] it $ per cwt. OPS requires you to [add] [subtract] the amount of this adjustment [to] [from] your ceiling price upon the resale of this product. You must preserve this notice and display it to any authorized officer of the Office of Price Stabilization upon his request.

(2) If you are a processor of a commodity and have begun to sell that commodity at your adjusted ceiling price after the expiration of either of the mandatory 15-day waiting periods provided for in section 20 (a) and if, thereafter, your OPS Regional Office notifies you that your "adjusted ceiling price" has been disapproved, modified or that more information is required,

(i) You must make such modification in your "adjusted ceiling price" as is required in the notice from the regional office; and

(ii) Thereafter, upon the initial purchase of that commodity from you by each customer other than an ultimate consumer, you must give him:

(*a*) A purchase invoice for that commodity; and

(*b*) A statement in the following form:

The Office of Price Stabilization has modified its adjustment of our ceiling price for _____ by requiring
(*name of commodity*)
that we [eliminate the adjustment and return to our GCPR price] [substitute an adjustment of cents per cwt. for the adjustment of cents per cwt. previously authorized]. OPS requires you to [eliminate the adjustment and return to your GCPR price] [substitute an adjustment of cents per cwt. for the adjustment of cents per cwt. previously authorized]. You must preserve this notice and display it to any authorized officer of the Office of Price Stabilization upon his request.

(3) If you are an intermediate distributor of a commodity and have begun to sell that commodity at an adjusted ceiling price after receiving the notice provided for in section 20 (c) (1) (ii) or 20 (c) (2) (ii), you must, upon the initial purchase of that commodity from you by each customer, give him a statement identical to the one you received.

SEC. 21. *Delegation of authority.* The Director of the Office of Price Stabilization hereby delegates to the OPS Regional Directors authority to grant, modify, or disapprove applications for adjusted ceiling prices under the provisions of this supplementary regulation, or to request further or additional information, pending a final determination, or to disapprove or revise downward any "adjusted ceiling price" granted under this supplementary regulation. Authority is hereby granted to Regional Directors to redelegate to the District OPS Directors all the powers delegated to the Regional Directors in this section.

SEC. 22. *Prohibitions.* (a) You shall not, in processing a commodity, use a lower grade of beef raw material than the grade of beef used in determining your "current material cost" for that commodity under section 8. If you desire to use a lower grade of beef raw material, you must treat the commodity made with the lower grade as a different commodity and obtain an adjusted ceiling price therefor under the provisions of this supplementary regulation.

(b) You shall not, in processing a commodity, use beef with a lower ceiling price than the cut of beef used in determining your "current material cost" for that commodity under section 8.

(c) On and after the effective date of this regulation, regardless of any contract, agreement, or understanding, you shall not sell or transfer and you shall not in the course of trade or business, buy or receive any commodity at a price exceeding the applicable ceiling price, as adjusted at the time of the sale, estab-

lished by or pursuant to this supplementary regulation for that commodity.

SEC. 23. *Incorporation of General Ceiling Price Regulation by reference.* Each processor, intermediate distributor or retailer subject to this supplementary regulation shall be subject to all of the provisions of the General Ceiling Price Regulation which are not inconsistent with the provisions of this supplementary regulation, including, but not limited to, the enforcement and penalty provisions thereof, and the requirement of keeping on file for inspection a statement of his ceiling prices.

SEC. 24. *Definitions.* When used in this regulation, the term:

(a) "Affiliated" means the relationship existing between two persons when one is owned or controlled by the other, or both are owned and controlled by the same person, or when one is an employee or agent of the other. "Own or control" means own or control directly or indirectly a partnership equity or in excess of 10 percent of any class of outstanding stock or to make loans or advances (excepting sales on open account) in excess of 5 percent of the other person's monthly sales.

(b) "Base period" means the period from April 1, 1950 to June 30, 1950, inclusive.

(c) "Beef" means meat graded as beef pursuant to the provisions of OPS Distribution Regulation 2 and in accordance with the "Official U. S. Standards for Grades of Carcass Beef" of the United States Department of Agriculture.

(d) "Bought" means that a commodity has been received by the purchaser or by any carrier for shipment to the purchaser. The terms "buy", "sell", "purchased", "sold", "purchase", and "sale" shall be construed accordingly.

(e) "Commodity" means a barbecued, cooked, corned, cured, dried or smoked beef product.

(f) "Grade" means the uniform grades required by OPS Distribution Regulation 2.

(g) "Ground beef" means ground, chopped or comminuted beef.

(h) "Intermediate distributor" means a person who buys a commodity for resale, other than to ultimate consumers.

(i) "Process" means to cure, corn, cook, dry, smoke or barbecue beef.

(j) "Raw material" means beef used in processing a commodity.

(k) "Retailer" means a person who sells a commodity to ultimate consumers.

(l) "Specialty steak product" means a specialty steak product as defined in Ceiling Price Regulation 24.

(m) "Ultimate consumer" means an individual who purchases for off-the-store consumption by himself or his family.

Effective date. This supplementary regulation shall become effective on September 22, 1951.

NOTE: The record keeping and reporting requirements of this supplementary regulation have been approved by the Bureau of the Budget in accordance with the Federal Reports Act of 1942.

MICHAEL V. DISALLE,
Director of Price Stabilization.

SEPTEMBER 17, 1951.

APPENDIX A

EXAMPLE NO. 1—CONVERSION OF FRESH BONE-IN BRISKETS TO CORNED BONELESS BRISKETS

This example illustrates a typical case involving the production of corned boneless beef briskets. From 165.29 pounds of fresh bone-in-briskets there will be 22.31 pounds of bones, 31.41 pounds of fat, 20.66 pounds of trimming, and 100 pounds of corned boneless briskets. It is assumed that there will be a 10-percent curing gain.

	Pounds
Bone-in briskets	165.29
By-products—	Pounds
Bones	22.31
Fat	31.41
Trimmings	20.66
Total	74.38
Trimmed boneless brisket	90.91
Add 10-percent curing gain	9.09
Corned boneless brisket	100.00

The computations to determine adjusted ceiling price will be made as follows:

1. Base period selling price:	
(a) Number of pounds of commodity sold during base period—pounds	100,000
(b) Total dollar sales of commodity during base period	$60,000
(c) Weighted average selling price per cwt	$60.00
2. Base period material cost:	
(a) Number of pounds of raw material purchased in base period—pounds	15,000
(b) Total amount paid for the materials in item (a)	$5,250
(c) Weighted average purchase price per pound	$0.35
3. Current material cost per pound	$0.43
4. Material cost adjustment per pound	$0.08
5. Number of pounds of raw material used to make 100 pounds of the finished product—pounds	165.29
6. Total material cost adjustment per 100 pounds of finished product	$13.22
7. Base period by-product credits:	
(a) Total pounds sold during base period:	Pounds
Bones	25,000
Fat	15,000
Trimmings	20,000
(b) Total amount received:	
Bones	$625
Fat	900
Trimmings	6,000
(c) Weighted average selling price per pound:	
Bones	$0.025
Fat	.06
Trimmings	.30
7. Base period by-product credits—Continued	
(d) Total pounds of each by-product derived from raw materials used in 100 pounds of finished product:	
Bones	22.31
Fat	31.41
Trimmings	20.66
(e) Total value of each by-product:	
Bones	$0.55
Fat	1.88
Trimmings	6.20
(f) Total base period by-product credit	8.63
8. Current by-product credits:	
(a) Current selling price:	
Bones	$0.035
Fat	.10
Trimmings	.47
(b) Current by-product credits:	
Bones	$0.78
Fat	3.14
Trimmings	9.71
(c) Total current credit	$13.63
9. Net by-product adjustment	5.00
10. Adjusted ceiling price	68.22

In this example, the weighted average base period selling price for corned boneless briskets was assumed to be $60.00 per cwt. This price must be predicated upon actual records and must represent the weighted average price at which the product was sold during the three-month period from April 1, 1950, to June 30, 1950.

The base period material cost, in this case assumed to be $35.00 per cwt., must also be based upon purchase records. It must be the actual weighted average cost of all raw materials used in the finished product which were purchased during the three-month base period.

The current material cost may not exceed the maximum price permitted by CPR–24.

The material cost adjustment is eight cents per pound ($0.43 minus $0.35) times the actual number of pounds of raw materials used (165.29) or, in this case, $13.22 for each 100 pounds of the finished product.

The value of all of the by-products during the base period was $8.63 for all of the salvage materials derived from the materials used in 100 pounds of the finished product, whereas the current value of such by-products is $13.63 or a net increase of $5.00. In this illustration, the raw materials have increased in cost by $13.22 per cwt. since the base period, but the by-products have also increased in value by $5.00 per cwt. Therefore, the net increase in cost to the processor for raw materials is $8.22 ($13.22 minus $5.00). Accordingly, this supplementary regulation permits the processor to add to his base period selling price ($60.00 per cwt.) the net increase in cost of raw materials ($8.22) so that his adjusted ceiling price is $68.22 per cwt. If the adjusted ceiling is higher than the processor's GCPR ceiling price, he is entitled to use the adjusted ceiling price; and, at the same time, if his adjusted ceiling price is lower than his GCPR ceiling price, he is obligated to reduce his GCPR price to conform with his adjusted ceiling price.

EXAMPLE NO. 2—CONVERSION OF BONELESS BEEF ROUNDS TO DRIED BEEF

A. Start with beef round:		
Beef rounds	pounds	163.82
Trimming credit:		
Fat—0.67 percent	do	1.10
Regular trimmings—9.89 percent	do	16.20
		17.30
Trimmed beef ham sets	do	146.52
Cured weight—105 percent yield	do	153.85
Finished weight—65 percent smoking shrink	do	100.00

EXAMPLE NO. 2—CONVERSION OF BONELESS BEEF ROUNDS TO DRIED BEEF—continued

B. Computations to determine adjusted ceiling price:		
1. Base period selling price:		
(a) Number of pounds of commodity sold during base period	pounds	100,000
(b) Total dollar sales of commodity during base period		$100,000.00
(c) Item (b) divided by Item (a)		$1.00
(d) Item (c) times 100.00		$100.00
2. Base period material cost:		
(a) Number of pounds of raw materials purchased in base period	pounds	150,000
(b) Total amount paid for the materials in Item (a)		$84,000.00
(c) Weighted average price per pound, Item (b) divided by Item (a)		$0.56
3. Current material cost per pound		$0.62
4. Material cost adjustment per pound, Item 3 minus Item 2 (c)		$0.06
5. Number of pounds of raw material used to make 100 pounds of the finished product	pounds	163.82
6. Total material adjustment per 100 pounds of finished product	do	9.83

7. Base period by-product credit:	*By-product Fat*	*By-product Trimmings*
(a) Total pounds sold during base period	4,500	7,500
(b) Total amount received	$270.00	$2,250.00
(c) Weighted average selling price per pound, Item (b) divided by Item (a)	$0.06	$0.30
(d) Total pounds of each by-product derived from raw materials used for 100 pounds of finished product	1.10	16.20
(e) Total value of each by-product	$0.07	$4.86
(f) Total base period by-product credit		$4.93

8. Current by-product credit:	*By-product Fat*	*By-product Trimmings*
(a) Current selling price (per pound)	$0.10	$0.47
(b) Current by-product credit (Item 8 (a) times item 7 (d))	$0.11	$7.61
(c) Total current credit		$7.72
9. Net by-product adjustment (Item 8 (c) minus item 7 (f))		$2.79
10. Adjusted ceiling price (per cwt.) (Item 1 (d) plus item 6, minus item (9))		$107.04

This example illustrates a typical case involving the production of dried beef. The current beef materials used for this processing operation are boneless beef rounds of cutter grade. This test shows that 163.82 pounds of beef rounds will produce 100 pounds of dried beef. In converting from rounds to ham sets there will be 0.67 percent fat (1.10 pounds) and 9.89 percent trimmings (16.20 pounds) leaving 146.52 pounds of trimmed ham sets. It is estimated that there will be a 5 percent curing gain (7.33 pounds) resulting in cured ham sets of 153.85 pounds. The drying shrink of 35 percent (53.85 pounds) will reduce the original raw materials to 100 pounds of dried beef.

In this example it is assumed that the base period selling price for dried beef was $1.00 per pound. It is also assumed that the base period cost of boneless rounds was $56.00 per cwt. and that the current price is $62.00 per cwt. This results in a net increase of 6 cents per pound between the base period material cost and the current material cost. The aggregate increase for 100 pounds of dried beef is $9.83 (163.82 pounds times 0.06). The aggregate value of the by-products during the base period was $4.93 for the by-products derived from the raw materials used to make 100 pounds of the finished product, whereas, currently the same by-products have a value of $7.72 or a net increase of $2.79. Thus the adjusted ceiling price for the dried beef would be the base period selling price ($100.00 per cwt.) plus the material cost adjustment ($9.83) less the increased value of the by-products ($2.79) or $107.04 per cwt. This would permit the processor to increase his price by $7.04 per cwt.

[F. R. Doc. 51-11330; Filed, Sept. 17, 1951; 12:19 p. m.]

[General Overriding Regulation 3, Amdt. 3]

GOR 3—EXEMPTION OF CERTAIN RUBBER, CHEMICAL AND DRUG COMMODITY TRANSACTIONS

CERTAIN CRUDE DOMESTIC BOTANICAL DRUGS

Pursuant to the Defense Production Act of 1950, as amended, Executive Order 10161 (15 F. R. 6105), and Economic Stabilization Agency General Order No. 2 (16 F. R. 738), this Amendment 3 to General Overriding Regulation 3 is hereby issued.

STATEMENT OF CONSIDERATIONS

Section 3 of General Overriding Regulation 3 exempts from price control certain drug commodity transactions. This amendment adds certain specified crude domestic botanical drugs to the list of items the sales of which are exempt. Crude botanical drugs consist of a wide assortment of roots, herbs, leaves, bark, seeds, flowers and berries, both cultivated and wild. There are over two hundred domestic varieties which either are cultivated or are gathered in a wild state in different seasons and in different parts of the country. Growers and collectors sell to dealers who clean, dry, sack, barrel, or otherwise prepare the drugs for shipment. To some extent the crude drugs are sold by the dealers directly to the drug manufacturer, but by far the bulk of the dealers' sales are made to botanical drug houses, which in turn sell, chiefly to drug manufacturers, about $3,000,000 worth of botanical drugs annually for domestic use. A relatively small amount of such drugs is sold through wholesalers to retail pharmacists for over-the-counter sales and for use in compounding prescriptions.

The nature of the industry is such that the difficulties of administering and enforcing price control on the sale of crude botanical drugs is out of all proportion to the advantages to be gained thereby. As mentioned above, the industry is scattered and seasonal. Many of the pickers are part-time workers. Unless dealers are in a position to pay attractive compensation, workers tend to move to more remunerative activities. Such a movement took place during World War II and the resulting shortage of supply was a factor in the exemption of crude botanical drugs from price control by the Office of Price Administration.

While crude botanical drugs are essential ingredients in the manufacture of many drugs and medicinals, the cost of the former, in general, has only a minor effect on the price of the latter. Extracts from botanical drugs and botanical drugs which have been processed by means other than desiccation and pulverization are not included within the exemption, and it is believed that with price control maintained at the processing level the exemption of the crude drugs will not have an inflationary effect. After consultation with representatives of the industry to the extent practicable under the circumstances, and after giving consideration to their recommendations, it has been concluded that the exemption of the crude domestic botanical drugs listed in this amendment will be generally fair and equitable and that it is unnecessary that ceilings be applicable to such materials in order to effectuate the purposes of the Defense Production Act of 1950, as amended.

A few items coming within the general category of crude domestic botanical drugs, but which have a substantial use other than in the manufacture of drugs and medicinals, are omitted from the list of such drugs which are exempted by this amendment. This amendment does not exempt any imported botanical drugs.

AMENDATORY PROVISION

General Overriding Regulation 3 is amended by adding to section 3 a new paragraph (b), to read as follows:

(b) *Certain crude domestic botanical drugs.* All sales of the following listed botanical drugs, both cultivated and wild, when grown within the forty-eight States of the United States and the District of Columbia, and when sold in the original unprocessed form or when processed solely by desiccation, pulverization, or a combination of the two:

Adam and Eve Root.
Agaric.
Agrimony Herb.
Alder Bark (Bark of Black Alder, Red Alder, or Tag Alder).
Aletris Root.
Angelica Root, American.

Arbor Vitae Leaves.
Arnica Flowers.
Asparagus Seed.
Balm Gilead Buds.
Balm Lemon (Melissa).
Balmony Herb.
Balmony Leaves.
Bamboo Briar Root.
Bayberry Root or Bark.
Beech Bark.
Beech Drops.
Beech Leaves.
Belladonna Leaves.
Berberis Root.
Beth Root, natural.
Birch Bark.
Bitter Root.
Bittersweet Bark of Root.
Black Ash Bark.
Blackberries, dried.
Blackberry Bark or Root.
Black Cohosh Root.
Black Haw Bark of Root.
Black Haw Bark of Tree.
Black Indian Hemp Root.
Black Walnut Bark.
Black Walnut Hulls.
Black Walnut Leaves.
Black Willow Bark.
Black Willow Buds.
Bladder Wrack.
Blessed Thistle Herb.
Blood Root, natural.
Blood Root, no fibers.
Blue Cohosh Root.
Blue Flag Root, natural.
Blue Flag Root, stripped.
Boneset Leafy Herb.
Boneset Leaves and Tops.
Boxwood Bark.
Broom Corn Seed.
Broom Tops.
Buckhorn Brake Root.
Bugle Weed.
Burdock Seed.
Button Snake Root.
Butternut Bark of Root.
Calamus Root.
Canada Snake Root.
Canada Snake Root, stripped.
Cascara Bark.
Catnip Herb.
Catnip Leaves and Tender Flowering Tops.
Cherry Leaves.
Cherry Stems.
Chickweed Herb.
Cleavers Herb.
Comfrey Root.
Cotton Root Bark.
Cramp Bark.
Cranesbill Root.
Culvers Root.
Damiana Leaves.
Deertongue Leaves.
Devil Shoe String Root.
Digitalis Leaves.
Dittany Herb.
Dogwood Flowers.
Dulse.
Echinacca Root.
Elder Bark.
Elder Berries, dried.
Elder Flowers.
Ergot (Rye).
Fleabane Herb.
Fringe Tree Bark of Root.
Gelsemium Root.
Ginseng Root.
Golden Rod Leaves and Tops.
Golden Seal Herb.
Golden Seal Root.
Gold Thread.
Gravell Plant.
Green Osier Bark.
Grindelia.
Ground Ivy Herb Vine.
Hair Cap Moss.
Hawthorne Berries, dried.
Hellebore Root.
Helonias Root.
Hemlock Bark.
Horehound Herb.
Horse Mint Herb.
Horse Nettle Berries, dried.
Horse Nettle Root.
Horse Radish Root.
Huckleberry Leaves.
Hydrangea Root.
Indian Physic Root.
Indian (Wild) Turnip Root.
Irish Moss.
Ironweed Bark.
Ironweed Root.
Jersey Tea Bark of Root.
Jersey Tea Root.
Jerusalem Oak Seed.
Juniper Berries.
Kelp.
Ladies Slipper Root.
Lemon Balm Leaves and Tops.
Life Everlasting Herb.
Life Root Plant.
Liverwort Leaves.
Lobelia Herb.
Lobelia Leaves.
Lobelia Seed.
Lovage Root.
Lycopodium.
Maiden Hair Herb and Fern.
Male Fern Root.
Mandrake Root.
Masterwort Root.
Maypop Herb.
Mayweed Herb.
Milkweed Root.
Motherwort Herb.
Mountain Tea Herb and Leaves.
Mouse Ear.
Mullein Leaves.
Nettle Root.
Nuxvomica Seeds.
Pansy Leaves.
Parsley Seed.
Passion Flower.
Peach Leaves.
Pennyroyal Herb.
Pennyroyal Leaves.
Pine Needles.
Pink Root.
Pipsissewa.
Plantain Leaves.
Pleurisy Root.
Poison Oak Leaves.
Poke Berries, dried.
Poke Root.
Poplar Bark, rossed.
Prickly Ash Bark.
Prickly Ash Berries.
Primrose Leaves and Tops.
Pulsatilla Herb.
Pumpkin Seed.
Queen of Meadow Leaves.
Queen of Meadow Root.
Raspberries, dried.
Raspberry Leaves.
Rattleweed Root.
Red Clover Flowers.
Red Oak Bark, rossed.
Rhus Aromatica Bark of Root.
Samson Snake Root.
Sarsaparilla Root and Bark.
Sassafras Bark of Root.
Sassafras Bark of Tree.
Sassafras Chips.
Sassafras Pith, white.
Saw Palmetto Berries.
Senega Root.
Serpentria Root.
Sheep Laurel Leaves.
Sheep Sorrel.
Silkweed Root.
Sinkfield Vines.
Skullcap.
Skunk Cabbage Root.
Slippery Elm Bark.
Solomon Seal Root.
Sourwood Leaves.
Spicewood Bark.
Spigelia (whole plant).
Spikenard Root.
Squaw Vine.
Star Grass.
Star Root.
Stillingia Root.
Stinging Nettle Leaves
Stinging Nettle Root.
Stone Root.
Stramonium Leaves.
Stramonium Seed.
Strawberry Vine.
Sumac Bark of Root.
Sumac Berries.
Sumac Leaves.
Sweet Fern.
Tamarack Bark, rossed.
Tansy Herb and Leaves.
Turkey Corn.
Twinleaf Root.
Vervain Herb.
Vervain Root.
Violet Leaves.
Wafer Ash Bark of Root.
Wahoo Bark of Root.
Wahoo Bark of Tree.
Wahoo Fine Roots.
Water Eryngo Root.
Water Pepper Herb (true).
White Ash Bark.
White Clover Flowers.
White Oak Bark, rossed.
White Pine Bark.
White Pond Lilly Root.
White Poplar Bark.
White Walnut Root Bark.
White Willow Bark, natural.
Wild Cherries, ripe, meaty, or dry.
Wild Cherry Bark.
Wild Ginger Root.
Wild Indigo Root.
Wild Lettuce Leaves.
Wild Plum Bark.
Wild Yam Root, natural.
Wild Yam Root, stripped.
Wintergreen Herb.
Witch Hazel Bark, natural.
Witch Hazel Leaves.
Worm Seed.
Wormwood Herb.
Yarrow Leaves and Tops.
Yellow Dock Root.
Yellow Parilla Root.
Yellow Root (Barberry).
Yerbasanta.

(Sec. 704, 64 Stat. 816, as amended; 50 U. S. C. App. Sup. 2154)

Effective date. This Amendment 3 shall become effective September 17, 1951.

MICHAEL V. DISALLE,
Director of Price Stabilization.

SEPTEMBER 17, 1951.

[F. R. Doc. 51-11331; Filed, Sept. 17, 1951; 12:20 p. m.]

TITLE 39—POSTAL SERVICE

Chapter I—Post Office Department

PART 35—PROVISIONS APPLICABLE TO THE SEVERAL CLASSES OF MAIL MATTER

AIR MAIL SERVICE; PROHIBITED AND ACCEPTABLE MATTER

In § 35.25a *Air mail service; prohibited and acceptable matter* (15 F. R. 6762) delete the word "alligators" from subparagraph (2) of paragraph (a).

(R. S. 161, 396, secs. 304, 309, 42 Stat. 24, 25, sec. 1, 62 Stat. 1097; 5 U. S. C. 22, 369, 39 U. S. C. 475)

[SEAL] J. M. DONALDSON,
Postmaster General.

[F. R. Doc. 51-11206; Filed, Sept. 17, 1951; 8:46 a. m.]

PROPOSED RULE MAKING

DEPARTMENT OF THE TREASURY

Bureau of Internal Revenue

[26 CFR Part 29]

INCOME TAX; TAXABLE YEARS BEGINNING AFTER DECEMBER 31, 1941

CIRCULATION EXPENDITURES OF NEWSPAPERS, MAGAZINES, AND OTHER PERIODICALS

Notice is hereby given, pursuant to the Administrative Procedure Act, approved June 11, 1946, that the regulations set forth in tentative form below are proposed to be prescribed by the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury. Prior to the final adoption of such regulations, consideration will be given to any data, views, or arguments pertaining thereto which are submitted in writing in duplicate to the Commissioner of Internal Revenue, Washington 25, D. C., within the period of 30 days from the date of publication of this notice in the FEDERAL REGISTER. The proposed regulations are to be issued under the authority contained in sections 62 and 3791 of the Internal Revenue Code (53 Stat. 32, 467; 26 U. S. C. 62, 3791) and section 23 (bb) of the Internal Revenue Code as added by Public Law 814, 81st Congress, approved September 23, 1950.

[SEAL] FRED S. MARTIN,
Acting Commissioner of Internal Revenue.

In order to conform Regulations 111 (26 CFR Part 29) to section 204 of the Revenue Act of 1950 (Pub. Law 814, 81st Congress), approved September 23, 1950, such regulations are hereby amended as follows:

PARAGRAPH 1. There is inserted immediately following § 29.23 (aa)–1 the following:

SEC. 204. CIRCULATION EXPENDITURES (REVENUE ACT OF 1950, APPROVED SEPTEMBER 23, 1950).

(a) *Deduction from gross income.* Section 23 is hereby amended by adding at the end thereof the following new subsection:

(bb) Circulation expenditures. Notwithstanding section 24 (a), all expenditures (other than expenditures for the purchase of land or depreciable property or for the acquisition of circulation through the purchase of any part of the business of another publisher of a newspaper, magazine, or other periodical) to establish, maintain, or increase the circulation of a newspaper, magazine, or other periodical; except that the deduction shall not be allowed with respect to the portion of such expenditures as, under regulations prescribed by the Secretary, is chargeable to capital account if the taxpayer elects, in accordance with such regulations, to treat such portion as so chargeable. Such election, if made, must be for the total amount of such portion of the expenditures which is so chargeable to capital account, and shall be binding for all subsequent taxable years unless, upon application by the taxpayer, the Secretary permits a revocation of such election subject to such conditions as he deems necessary."

* * * * *

(c) *Effective date.* The amendments made by this section shall be applicable with respect to taxable years beginning after December 31, 1945, except that in the case of any taxable year beginning prior to January 1, 1950—

(1) The amendments shall not be applicable with respect to expenditures for which a deduction was not allowed the taxpayer for such year, if allowance of credit or refund with respect to such year is barred on the date of the enactment of this Act by reason of any law or rule of law; and

(2) The election provided in section 23 (bb) of the Internal Revenue Code shall not (despite the last sentence of such section) be applicable with respect to any expenditure for which a deduction was claimed by the taxpayer under his latest treatment, prior to the date of the enactment of this Act, of such expenditure in connection with his tax liability for such taxable year.

§ 29.23 (bb)–1 *Circulation expenditures*—(a) *In general*—(1) *Allowance of deduction.* Effective only with respect to taxable years beginning after December 31, 1945 (see, however, paragraph (b) of this section), section 23 (bb) provides for the deduction from gross income (notwithstanding the provisions of section 24 (a) and the regulations thereunder, relating to items not deductible from gross income) of all expenditures to establish, maintain, or increase the circulation of a newspaper, magazine, or other periodical subject to the two following rules. The deduction is not allowable with respect to expenditures for the purchase of land or depreciable property or for the acquisition of circulation through the purchase of any part of the business of another publisher of a newspaper, magazine, or other periodical. The deduction is allowable only to the publisher making the circulation expenditures.

(2) *Election to capitalize.* A taxpayer entitled to the deduction for circulation expenditures provided in section 23 (bb) may, in lieu of taking such deduction, elect to charge to capital account the portion of such circulation expenditures which under approved standard methods of accounting is properly chargeable to capital account. As a general rule, expenditures normally made from year to year in an effort to maintain circulation are not properly chargeable to capital account; however, expenditures made in an effort to establish or to increase circulation are properly chargeable to capital account. For example, if a newspaper normally employs five persons to obtain renewals of subscriptions by telephone, the expenditures in connection therewith would not be properly chargeable to capital account. However, if such newspaper, in a special effort to increase its circulation, hires for a limited period twenty additional employees to obtain new subscriptions by means of telephone calls to the general public, the expenditures in connection therewith would be properly chargeable to capital account. If an election is made by the taxpayer to treat any portion of his circulation expenditures as chargeable to capital account, such election must be for the total amount of all such expenditures which are properly so chargeable; in such case, no deduction will be allowed for any such expenditures which are properly chargeable to capital account. If such election is made with respect to a particular taxable year, the taxpayer must continue for subsequent taxable years to charge to capital account all circulation expenditures which are properly so chargeable, unless the Commissioner, on application in writing made to him by the taxpayer, permits a revocation of such election with respect to any subsequent taxable year, subject to such conditions as the Commissioner deems necessary. The election referred to in this paragraph shall be made by a statement attached to the taxpayer's return for the first taxable year to which such election is applicable, or, in case the return for the first taxable year to which such election is applicable is filed prior to January 1, 1952, by a statement in writing to that effect filed with the Commissioner of Internal Revenue, Washington 25, D. C., on or before January 1, 1952.

(b) *Limitations on retroactive application of section 23 (bb).* (1) Section 204 (c) of the Revenue Act of 1950 provides certain limitations on the retroactive application of the provisions of section 23 (bb) of the Code in the case of taxable years beginning after December 31, 1945, and before January 1, 1950. Such limitations are as follows: (i) Section 23 (bb) is not applicable with respect to circulation expenditures for which a deduction was not allowed the taxpayer for any such year, if allowance of a credit or refund with respect to such year was barred on September 23, 1950, by reason of any law or rule of law; and (ii) the election provided in section 23 (bb) will not (despite the last sentence thereof) be permitted with respect to any circulation expenditure for which a deduction was claimed by the taxpayer under his latest treatment (prior to September 23, 1950) of such expenditure in connection with his tax liability for such year.

(2) The first limitation prevents the deduction under section 23 (bb) of expenditures which have been capitalized for any taxable year beginning after December 31, 1945, and before January 1, 1950, if the allowance of credit or refund for such year attributable to such deduction was barred on September 23, 1950. However, if the allowance of a credit or refund for such taxable year was not barred on September 23, 1950, such expenditures may not be capitalized unless the taxpayer so elects. In the absence of such election, the taxpayer may, within the applicable period of limitations, file a claim for refund of any overpayment resulting from the deduction of such expenditures in lieu of their previous capitalization.

(3) The second limitation prevents a taxpayer who claimed a deduction from gross income for circulation expenditures for any taxable year beginning after December 31, 1945, and before January 1, 1950, from subsequently electing under section 23 (bb) to capitalize such ex-

penditures for such year in lieu of the deduction. Whether a deduction is to be considered claimed by such taxpayer, for the purpose of the second limitation, depends on his latest treatment (for example, in a return, claim for refund, or petition or amended petition to The Tax Court of the United States), prior to September 23, 1950, of such expenditures in connection with his tax liability for such year.

PAR. 2. There is inserted immediately preceding § 29.113 (b) (1)–1 the following:

SEC. 204. CIRCULATION EXPENDITURES (REVENUE ACT OF 1950, APPROVED SEPTEMBER 23, 1950).

* * * * *

(b) *Technical amendment.* Section 113 (b) (1) (A) is hereby amended by inserting after "carrying charges" the following: ", or for expenditures described in section 23 (bb),".

(c) *Effective date.* The amendments made by this section shall be applicable with respect to taxable years beginning after December 31, 1945, except that in the case of any taxable year beginning prior to January 1, 1950—

(1) The amendments shall not be applicable with respect to expenditures for which a deduction was not allowed the taxpayer for such year, if allowance of credit or refund with respect to such year is barred on the date of the enactment of this Act by reason of any law or rule of law; and

(2) The election provided in section 23 (bb) of the Internal Revenue Code shall not (despite the last sentence of such section) be applicable with respect to any expenditure for which a deduction was claimed by the taxpayer under his latest treatment, prior to the date of the enactment of this act, of such expenditure in connection with his tax liability for such taxable year.

PAR. 3. Section 29.113 (b) (1)–1 is amended by inserting immediately following the fourth paragraph (which paragraph begins with the words "Capital expenditures and carrying charges") the following new paragraph:

For taxable years beginning after December 31, 1945, expenditures to establish, maintain, or increase the circulation of a newspaper, magazine, or other periodical, described in section 23 (bb), are chargeable to capital account only in accordance with and in the manner provided in § 29.23 (bb)–1.

[F. R. Doc. 51–11229; Filed, Sept. 17, 1951; 8:50 a. m.]

DEPARTMENT OF AGRICULTURE

Production and Marketing Administration

POSTING OF STOCKYARDS

NOTICE OF PROPOSED RULE MAKING

The Secretary of Agriculture has information that the stockyards listed below are stockyards as defined in section 302 of the Packers and Stockyards Act, 1921, as amended (7 U. S. C. 202), and should be made subject to the provisions of that act:

COLORADO

Platte Valley Livestock Commission Company, Sterling.

IDAHO

Emmett Sales Yard, Emmett.

MONTANA

Miles City Saleyard Company, Miles City.

SOUTH DAKOTA

Mitchell Livestock Sales Company, Mitchell.
Newell Livestock Exchange, Inc., Newell.
Platte Livestock Auction Company, Platte.

Therefore, notice is hereby given that the Secretary of Agriculture proposes to issue a rule designating the stockyards named above as posted stockyards subject to the provisions of the Packers and Stockyards Act, 1921, as amended (7 U. S. C. 181 et seq.), as is provided in section 302 of that act. Any interested person who desires to do so may submit within 15 days of the publication of this notice any data, views or arguments, in writing, on the proposed rule to the Director, Livestock Branch, Production and Marketing Administration, United States Department of Agriculture, Washington 25, D. C.

Done at Washington, D. C., this 12th day of September 1951.

[SEAL] H. E. REED,
Director, Livestock Branch, Production and Marketing Administration.

[F. R. Doc. 51–11209; Filed, Sept. 17, 1951; 8:46 a. m.]

[7 CFR Part 971]

[Docket No. AO–175–A8]

HANDLING OF MILK IN DAYTON-SPRINGFIELD, OHIO, MARKETING AREA

DECISION WITH RESPECT TO A PROPOSED MARKETING AGREEMENT AND A PROPOSED ORDER AMENDING THE ORDER, AS AMENDED

Pursuant to the provisions of the Agricultural Marketing Agreement Act of 1937, as amended (7 U. S. C. 601 et seq.), and the applicable rules of practice and procedure, as amended, governing proceedings to formulate marketing agreements and marketing orders (7 CFR Part 900), a public hearing was conducted at Dayton, Ohio, on June 13, 1951, pursuant to notice thereof which was issued on June 6, 1951 (16 F. R. 5497).

Upon the basis of the evidence introduced at the hearing and the record thereof, the Assistant Administrator, Production and Marketing Administration, on August 13, 1951, filed with the Hearing Clerk, United States Department of Agriculture, his recommended decision and opportunity to file written exceptions thereto which was published in the FEDERAL REGISTER on August 16, 1951 (16 F. R. 8140).

The material issues of record related to:

1. The classification of concentrated milk,

2. The classification of milk transferred by a handler to a person other than a handler,

3. Establishment of provisions to adjust automatically Class I and Class II prices in response to changes in the relationship between market supply and demand,

4. The level of the Class III price for butterfat made into butter and for skim milk, and

5. The amount of deductions for marketing services from payments to producers.

Findings and conclusions. The following findings and conclusions on the material issues are based on evidence presented at the hearing and the record thereof.

1. Milk used in the manufacture of concentrated milk should be classified in Class I.

Concentrated milk has been introduced in a number of markets during recent months. While its distribution has not yet been undertaken in the marketing area it is being sold in nearby markets and its introduction in the market in the near future is anticipated. This product is not sterilized and is disposed of to consumers for consumption in fluid form by the addition of water or it may be used in the concentrated form as a cream substitute in coffee or on cereals. It is anticipated that the product will be made from milk meeting the same requirements as are applicable to fluid whole milk. Such a requirement is now in effect in the Springfield portion of the marketing area. Accordingly, it is concluded that concentrated milk should properly be classified as Class I milk.

2. Milk transferred by a handler to a person other than a handler should be classified in Class I, or if certain conditions are met, in the highest class remaining after regular receipts from dairy farmers at the plant of the buyer are assigned to the highest classes.

Producers proposed that such transfers of producer milk should be assigned to the highest class at the plant of the buyer. This would result in producer milk being assigned preferentially over any regular dairy farmer receipts at the buyer's plant. This does not appear reasonable or necessary. The proposed provisions will give producer milk the next highest utilization at the plant after regular receipts from dairy farmers are deducted.

Certain conditions must be met before such transfers will be classified in a class lower than Class I. The market administrator must be allowed to audit total receipts and utilization at the plant of the buyer. This is consistent with the provisions which place on the handler the burden of proving use in a class lower than Class I.

3. Provision should be made for automatically adjusting Class I and Class II prices in response to changes in the relationship between market supply and demand.

Although the present provisions for establishing Class I and Class II prices have usually resulted in appropriate prices, conditions have sometimes arisen which made necessary the fixing of prices at levels different from what these provisions would have yielded. In most such cases hearings have been held and prices established on the basis of the record of the hearing. By this procedure the record of the hearing must show the existence or the definite prospect of

conditions which warrant a price level different from what the order provisions would yield. By the time such conditions are in existence or in definite prospect and a hearing is held and the required procedures for the hearing and the issuance of an amendment are taken, several months may have intervened between the time when the need for a price change first became apparent and the time when such change is put into effect.

The amendment to Class I and Class II pricing provisions herein concluded to be appropriate cannot be expected to correct all of the problems which arise in the pricing of Class I and Class II milk. Both experience and logic indicate difficulty in reflecting in a formula all of the many factors which affect Class I and Class II prices. However, it is expected that the proposed change will be in the direction of causing more prompt and timely changes in these prices.

Since January 1951 there has been some decline in the market supply of milk in relation to demand. It is difficult to predict with accuracy whether the market will be adequately supplied with milk in the forthcoming fall and winter. If the market is adequately supplied, the amendments proposed herein will have little or no effect on Class I and Class II prices, but if the supply is short the proposed amendments will increase Class I and Class II prices as an incentive for a larger supply.

It is concluded that the measure of the current relationship between market supply and market demand should be based on the ratio of gross Class I and Class II utilization (excluding interhandler transfers and bulk sales of Class I milk in excess of 1,000 pounds during each month by each handler to persons other than handlers outside the marketing area) to total receipts from producers in a two-month period comprising the second and third months preceding the month for which a price is being computed. Many factors affect market supply and demand, but gross Class I and Class II utilization and total receipts from producers reflect the net effect of all these factors. Extension of recent trends appears to be the most accurate means of estimating current and prospective supply and demand conditions. Class I and Class II volumes should be used as a measure of market demand because, pursuant to local health regulations, all products contained in those classes must be made from milk produced in compliance with such health regulations. Bulk sales of Class I milk outside of the marketing area to persons other than handlers should be excluded because such sales are not made regularly and a portion of such sales by one handler are made from other source milk which that handler regularly receives at his plant from dairy farmers who are not producers.

Use of a 2-month period to establish trends is desirable in order to reflect quickly any changes in supply or demand. However, an adjustment based on a short period of this kind may to some extent reflect random changes in utilization which are not indicative of actual trends. It is necessary, therefore, to provide for some method of stabzilizing this adjustment and of limiting it as to total magnitude. This has been accomplished by grouping the utilization percentages and setting limits on the amount of the adjustment. The percentage groups are in such intervals that no utilization adjustment occurs until utilization is 3 or 4 percentage points above or below the base period utilization. The next percentage group applies to utilization differences of 6 or 7 percent. In the case of any utilization difference falling between groups, the adjustment is determined by the adjacent group which is the same as or nearest to the percentage group used in the previous month. For example, a utilization difference of 5 percent from the base would call for use of the group which includes 3 or 4 percent if the adjustment during the previous month had been determined by that group or a lower one. On the other hand, a 5 percent utilization difference would call for an adjustment based on 6 or 7 percent if the adjustment during the previous month had been determined by the 6 and 7 percent group or a higher one. The maximum adjustments provided for are 25 cents, 38 cents, and 50 cents per hundredweight.

Use of the second and third preceding months will permit announcement each month of the effect on Class I and Class II prices of these provisions prior to the beginning of the month. Thus handlers will know in advance how much prices will be changed each month by these provisions.

Producers proposed that Class I and Class II prices be adjusted upward automatically during the period September through February if in the preceding September through February period the ratio between total receipts from producers and total Class I and Class II utilization exceeded a prescribed amount. This would result in a considerable lag between the time when a change in the market supply-demand relationship becomes apparent and the time when prices would be adjusted. Producers found desirability in their proposal because they would know several months in advance what effect it would have on their prices during September through February. It is doubtful if this advantage outweighs the disadvantage of the lag mentioned above. Assurance to producers that Class I and Class II prices will be changed promptly in response to any change in the relationship between market supply and demand for milk should encourage them to continue to produce milk for the Dayton-Springfield market. Producers failed to establish good reasons why the automatic supply-demand relationship price adjustment should be upward but not downward.

The provisions for adjusting Class I and Class II prices in response to changes in the relationship between market supply and demand should be constructed in such a manner that no price adjustment results when market supply and demand are in proper balance—that is, when the market is adequately supplied. Review of market statistics indicates that such a balance existed during 1949. During that year receipts from producers were adequate to supply fully all of the requirements of the market for milk except for a negligible amount of milk from other sources.

The base period supply-demand ratio is as follows:

Months used to compute ratio	Base period ratio (percent)	Month during which such ratio would be used in computing prices
January and February	84	April.
February and March	79	May.
March and April	74	June.
April and May	66	July.
May and June	63	August.
June and July	65	September.
July and August	70	October.
August and September	76	November.
September and October	82	December.
October and November	86	January.
November and December	87	February.
December and January	87	March.

If the comparable ratio in the second and third months preceding the month for which prices are being computed varies from that shown above the price should be adjusted in the same direction—upward if the current ratio exceeds the one shown above, and downward if the reverse is true. For each percentage point of variation, the Class I and Class II prices should change as follows: 2 cents upward and 4 cents downward for each of the months of April through July; 3 cents for each of the months of January, February, March, August, and September; and 4 cents upward and 2 cents downward for each of the months of October through December. Analysis of Class I and Class II prices and the ratio of gross Class I and Class II utilization to total receipts from producers shows that in recent years the adjustment proposed herein would have resulted in reasonable prices. It should continue to do so. Seasonally varying adjustments should give additional incentive toward reducing the seasonal variation in receipts from producers. In order to prevent the occurrence of a "counter-seasonal" variation in the adjusted Class I differential it should be provided that the adjusted Class I differential for the month of July shall not be more than the adjusted differential for the immediately preceding month of June and the adjusted Class I differential for each of the months of August and September shall not be more than the adjusted differential for the immediately preceding month of June plus 30 cents; and the adjusted Class I differential for each of the months of December, January and February shall not be less than the adjusted differential for the immediately preceding month of November. In the first month in which the amending order providing this adjustment is effective, if the applicable deviation percentage falls between groups, the adjustment amount shall be determined by the group nearest to a deviation percentage calculated without rounding the current supply-demand percentage to the nearest whole number.

4. The price per hundredweight of butterfat made into butter should not be changed at this time.

The proposal to increase the "make allowance" on butterfat made into butter, if adopted, would lower the price. Testimony was presented at the hearing

to show that costs of making butter have increased since the present "make allowance" was established in the order. A further justification for a higher "make allowance" on butter was the claim that a higher allowance is included in other orders. By centering only on the "make allowance" for butter the testimony failed to take into account the total price of 100 pounds of milk made into butter and nonfat dry milk solids. The order now provides for a decrease in the price of Class III skim milk of 20 cents per hundredweight during April, May, June and July. It is during these months that most butter is made in this market and the present price during these months provides an adequate allowance for converting milk into butter and Class III skim milk products. During other months the amount of surplus is small enough so that there is no need to convert milk into butter and hence a further reduction in the price for milk made into butter might provide an unjustified incentive to the production of butter in the short season.

It appears that a greater "make allowance" on butter together with the provisions for pricing Class III skim milk would result in a total price for 100 pounds of milk made into butter and nonfat dry milk solids lower than market conditions warrant.

Therefore, it is concluded that the price per hundredweight of butterfat made into butter should not be changed.

The price for Class III skim milk should be reduced 20 cents per hundredweight during each of the months of March and September.

Since the present pricing provisions for Class III skim milk became effective receipts from producers have increased somewhat, particularly in the months of lower production. This is desirable and should be encouraged. However, such increases in supply have resulted in larger volumes of Class III milk to be handled in the months between the flush and short seasons of production. Because of this larger Class III volume a larger proportion of the skim milk in these months must be manufactured into nonfat dry milk solids.

The present pricing formula for Class III skim milk embodies a seasonal decline of 40 cents per hundredweight on April 1 and seasonal increases of 20 cents each on August 1 and September 1. The change herein proposed will make the spring seasonal decline less abrupt by splitting it into two 20-cent declines to occur on March 1 and April 1. Since Class III volumes in March and September are about the same, prices in these two months should be the same.

Handlers proposed, in addition to the changes above recommended, the use of a different quotation for nonfat dry milk solids which is generally lower than the one presently used. They contended that the proposed quotation was more representative of the value of nonfat dry milk solids manufactured by handlers than the one presently used. The present deduction of 20 cents from the Class III formula computation during the months of April through July was designed to reflect this difference. Therefore any shift in quotations should be accompanied by a compensating change in the 20 cent deduction. Since handlers did not show that the quotation proposed by them reflected more accurately changes in the value of Class III milk, no advantage is apparent in changing quotations.

It is therefore concluded that the price for Class III skim milk should be reduced 20 cents during each of the months of March and September.

5. The maximum allowable amount of the deduction for marketing services made from payments to producers should be increased to 6 cents per hundredweight of milk.

It is desirable that the market administrator continue to perform the marketing services for which these deductions are intended to the same extent as formerly. In recent months the funds which the market administrator uses to perform these services have been depleted. In order to insure sufficient funds for continuation of those services the maximum allowable deduction should be increased to 6 cents per hundredweight of milk.

General findings. (a) The proposed marketing agreement and the order, as amended, and as hereby proposed to be further amended, and all of the terms and conditions thereof will tend to effectuate the declared policy of the act;

(b) The parity prices of milk as determined pursuant to section 2 of the act are not reasonable in view of the price of feeds, available supplies of feeds and other economic conditions which affect market supply of and demand for milk, in the marketing area and the minimum prices specified in the proposed marketing agreement and the order, as amended, and as hereby proposed to be further amended, are such prices as will reflect the aforesaid factors, insure a sufficient quantity of pure and wholesome milk, and be in the public interest; and

(c) The proposed order, as amended, and as hereby proposed to be further amended, will regulate the handling of milk in the same manner as, and will be applicable only to persons in the respective classes of industrial and commercial activity specified in a marketing agreement upon which a hearing has been held.

Rulings. Exceptions were filed on behalf of a cooperative association. In arriving at the findings, conclusions, and regulatory provisions of this decision, such exceptions were carefully and fully considered in conjunction with the record evidence pertaining thereto. To the extent that the findings, conclusions, and actions decided upon herein are at variance with the exceptions, such exceptions are overruled.

Determination of representative period. The month of June 1951, is hereby determined to be the representative period for the purpose of ascertaining whether the issuance of an amendment to the order as amended, regulating the handling of milk in the Dayton-Springfield, Ohio, marketing area in the manner set forth below is approved or favored by producers who during such period were engaged in the production of milk for sale in the marketing area specified in the aforesaid order, as amended.

Marketing agreement and order. Annexed hereto and made a part hereof, are two documents entitled respectively, "Marketing Agreement Regulating the Handling of Milk in the Dayton-Springfield, Ohio, Marketing Area" and "Order Amending the Order, as Amended, Regulating the Handling of Milk in the Dayton-Springfield, Ohio, Marketing Area" which have been decided upon as the detailed and appropriate means of effectuating the foregoing conclusions. These documents shall not become effective unless and until the requirements of § 900.14 of the rules of practice and procedure, as amended, governing proceedings to formulate marketing agreements and orders have been met.

It is hereby ordered, That all of this decision, except the attached marketing agreement, be published in the FEDERAL REGISTER. The regulatory provisions of said marketing agreement are identical with those contained in the order, as amended, and as hereby proposed to be further amended by the attached order which will be published with this decision.

This decision filed at Washington, D. C., this 13th day of September 1951.

[SEAL] CHARLES F. BRANNAN,
Secretary of Agriculture.

Order [1] Amending the Order, as Amended, Regulating the Handling of Milk in the Dayton-Springfield, Ohio, Marketing Area

Sec.

971.0 Findings and determinations.

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[1] This order shall not become effective unless and until the requirements of § 900.14 of the rules of practice and procedure, as amended, governing proceedings to formulate marketing agreements and orders have been met.

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§ 971.0 *Findings and determinations.* The findings and determinations hereinafter set forth are supplementary and in addition to the findings and determinations previously made in connection with the issuance of the aforesaid order and of each of the previously issued amendments thereto; and all of said previous findings and determinations are hereby ratified and affirmed, except insofar as such findings and determinations may be in conflict with the findings and determinations set forth herein.

(a) *Findings upon the basis of the hearing record.* Pursuant to the provisions of the Agricultural Marketing Agreement Act of 1937, as amended (7 U. S. C. 601 et seq.), and the applicable rules of practice and procedure, as amended, governing the formulation of marketing agreements and marketing orders (7 CFR Part 900), a public hearing was held upon certain proposed amendments to the tentative marketing agreement and to the order, as amended, regulating the handling of milk in the Dayton-Springfield, Ohio, marketing area. Upon the basis of the evidence introduced at such hearing and the record thereof, it is found that:

(1) The said order, as amended, and as hereby further amended, and all of the terms and conditions thereof, will tend to effectuate the declared policy of the act;

(2) The parity prices of milk produced for sale in the said marketing area as determined pursuant to section 2 of the act are not reasonable in view of the price of feeds, available supplies of feeds and other economic conditions which affect market supplies of and demand for such milk, and the minimum prices specified in the order, as amended, and as hereby further amended, are such prices as will reflect the aforesaid factors, insure a sufficient quantity of pure and wholesome milk and be in the public interest; and

(3) The said order, as amended, and as hereby further amended, regulates the handling of milk in the same manner as and is applicable only to persons in the respective classes of industrial and commercial activity specified in a marketing agreement upon which a hearing has been held.

ORDER RELATIVE TO HANDLING

It is therefore ordered, That on and after the effective date hereof the handling of milk in the Dayton-Springfield, Ohio, marketing area shall be in conformity to and in compliance with the terms and conditions of the aforesaid order, as amended, and as hereby further amended; and the aforesaid order, as amended, is hereby further amended as follows:

DEFINITIONS

§ 971.1 *Act.* "Act" means Public Act No. 10, 73d Congress, as amended and as reenacted and amended by the Agricultural Marketing Agreement Act of 1937, as amended (7 U. S. C. 601 et seq.).

§ 971.2 *Secretary.* "Secretary" means the Secretary of Agriculture or such other officer or employee of the United States authorized to exercise the powers and to perform the duties of the said Secretary of Agriculture.

§ 971.3 *Dayton-Springfield, Ohio, marketing area.* "Dayton-Springfield, Ohio, marketing area" hereinafter called the "marketing area," means the cities of Dayton, Oakwood, and Springfield; the townships of Bath and Miami, in Greene County; the townships of Miami, Jefferson, Madison, Van Buren, Harrison, Butler, Mad River, and Washington, in Montgomery County; and German township in Clark County; all in the State of Ohio.

§ 971.4 *Person.* "Person" means any individual, partnership, corporation, association, or any other business unit.

§ 971.5 *Producer.* "Producer" means any person who produces, under a dairy farm inspection permit or other equivalent certification issued by the appropriate health authority in the marketing area, milk which is (a) received at a plant from which Class I milk is disposed of in the marketing area, or (b) caused by a handler to be delivered to a plant from which Class I milk is not disposed of in the marketing area: *Provided,* That any such person who is not certified as a Grade A producer but who produces milk which is received at a handler's plant from which no milk is distributed in the marketing area for consumption as fluid milk (in Class I milk) except under a Grade A label, shall be considered a producer for the purposes of § 971.77 (a) only.

§ 971.6 *Grade A producer.* "Grade A producer" means any producer certified to the market administrator as a Grade A producer by an appropriate health authority in the marketing area if such certification has been in effect for not less than 16 days during the month.

§ 971.7 *Handler.* "Handler" means (a) any person, except a person who receives other source milk only, with respect to milk (including any milk from his own farm production) received by him at a plant from which Class I milk is disposed of in the marketing area, or (b) any cooperative association, or other person included under paragraph (a) of this section, with respect to any milk produced under a dairy farm inspection permit or other equivalent certification issued by the appropriate health authority in the marketing area which such cooperative association or person causes to be delivered to a plant from which Class I milk is not disposed of in the marketing area. Milk caused to be delivered by a handler in accordance with paragraph (b) of this section shall be considered as having been received by such handler. With respect to milk caused by a handler to be delivered directly from the producer's farm to another handler, the handler to be considered as receiving such milk shall be determined by written agreement between the two handlers filed with the market administrator on or before the 5th day after the end of the first month during which it becomes effective, or in the absence of such an agreement, shall be determined by the market administrator.

§ 971.8 *Other source milk.* "Other source milk" means all skim milk and butterfat received by a handler other than in (a) milk received from producers or associations of producers, and (b) any nonfluid milk product received and disposed of in the same form.

§ 971.9 *Cooperative association.* "Cooperative association" means any cooperative association of producers which, as determined by the Secretary, has (a) its entire activities under the control of its members, and (b) meets the standards set forth in the act of Congress of February 18, 1922, as amended, known as the "Capper-Volstead Act."

§ 971.10 *Department of Agriculture.* "Department of Agriculture" means the United States Department of Agriculture or any other Federal agency as may be authorized to perform the price reporting functions specified in § 971.50.

MARKET ADMINISTRATOR

§ 971.20 *Designation.* The agency for the administration of this subpart shall be a market administrator, who shall be a person selected by the Secretary. Such person shall be entitled to such compensation as may be determined by and shall be subject to removal at the discretion of the Secretary.

§ 971.21 *Powers.* The market administrator shall have the power:

(a) To administer this subpart in accordance with its terms and provisions;

(b) To receive, investigate and report to the Secretary complaints of violations of the provisions of this subpart; and

(c) To make rules and regulations to effectuate the terms and provisions of this subpart.

§ 971.22 *Duties.* The market administrator, in addition to the duties hereinafter described, shall:

(a) Within 45 days following the date on which he enters upon his duties execute and deliver to the Secretary a bond, effective as of the date on which he enters upon his duties as market administrator and conditioned upon the faithful performance of such duties, in an amount and with surety thereon satisfactory to the Secretary.

(b) Employ and fix the compensation of such persons as may be necessary to enable him to administer the terms and provisions of this subpart;

(c) Pay, out of the funds provided by § 971.77, (1) the cost of his bond and of the bonds of those of his employees who handle funds entrusted to the market administrator, (2) his own compensation, and (3) all other expenses, except those incurred under § 971.78, which will necessarily be incurred by him in the maintenance and functioning of his office and in the performance of his duties;

(d) Keep such books and records as will clearly reflect the transactions provided for in this subpart, and, upon request by the Secretary, surrender the same to his successor or to such other person as the Secretary may designate;

(e) Publicly disclose to handlers and producers, unless otherwise directed by the Secretary, the name of any person who, within 2 days after the day upon which he is required to perform such acts, has not made (1) reports pursuant to § 971.30, or (2) payments pursuant to §§ 971.70, 971.71, 971.74 and 971.76;

(f) Furnish such information and verified reports as the Secretary may request, and submit his books and records to examination by the Secretary at any and all times;

(g) On or before the 12th day after the end of each month, report to each cooperative association for such month, with respect to each handler, the utilization, on a pro rata basis, of milk of producers, payment for which is to be made to such cooperative association pursuant to § 971.70; and

(h) Audit all reports and payments by each handler by inspection of such handler's records and of the records of any person upon whose utilization the classification of milk depends.

REPORTS, RECORDS, AND FACILITIES

§ 971.30 *Monthly report of receipts and utilization.* On or before the 7th day after the end of each month, each handler shall report to the market administrator for each plant, with respect to all milk and milk products received during such month, in the detail and on forms prescribed by the latter, (a) the butterfat tests, quantities, and sources of all milk, skim milk, cream, and other milk products received; (b) the utilization thereof; and (c) such other information with respect to such receipts and utilization as the market administrator may request.

§ 971.31 *Other reports.* (a) Each handler who receives at his plant only milk from his own farm production or from other handlers shall make reports to the market administrator at such time and in such manner as the market administrator may request.

(b) On or before the 22d day after the end of each month each handler shall submit to the market administrator such handler's producer payroll for such month, which shall show (1) the total pounds of milk received from each producer and association of producers and the total pounds of butterfat contained in such milk, (2) the amount of payment to each producer and association of producers, and (3) the nature and amount of the deductions and charges involved in the payments referred to in subparagraph (2) of this paragraph.

§ 971.32 *Records and facilities.* Each handler shall maintain and make available to the market administrator or to his representative during the usual hours of business, such amounts and records of his operations and such facilities as, in the opinion of the market administrator, are necessary to verify, or to establish the correct data with respect to (a) the utilization, in whatever form of all skim milk and butterfat received; (b) the weights, samples, and tests for butterfat content of all milk and milk products previously received or utilized or currently being received or utilized; and (c) payments to producers and associations of producers.

§ 971.33 *Retention of records.* All books and records required to be made available to the market administrator shall be retained by the handler for a period of three years to begin at the end of the month to which such books and records pertain, except that all such books and records pertaining to transactions before August 1, 1946, shall be retained until October 1, 1949: *Provided,* That if, within such three-year period or before October 1, 1949, whichever is applicable, the market administrator notifies the handler in writing that the retention of such books and records, or of specified books and records, is necessary in connection with a proceeding under section 8c (15) (A) of the act or a court action specified in such notice, the handler shall retain such books and records, or specified books and records, until further written notification from the market administrator. In either case the market administrator shall give further written notification to the handler promptly upon the termination of the litigation or when the records are no longer necessary in connection therewith.

CLASSIFICATION

§ 971.40 *Basis of classification.* All skim milk and butterfat contained in milk, or in skim milk, cream, and other milk products received by a handler at a plant from which Class I milk is disposed of in the marketing area or caused to be delivered in the manner described in § 971.7 (b) shall be classified by the market administrator in the classes set forth in § 971.41.

§ 971.41 *Classes of utilization.* Subject to the conditions set forth in §§ 971.42 and 971.43, the classes of utilization shall be:

(a) Class I milk shall be all skim milk and butterfat (1) disposed of in fluid form (except that which was dumped or disposed of for livestock feeding) as milk, including reconstituted milk, skim milk, buttermilk, flavored milk, or flavored milk drinks; (2) used to produce concentrated milk (excluding those products commonly known as evaporated milk and condensed milk) for fluid consumption; and (3) not specifically accounted for as Class II milk or Class III milk.

(b) Class II milk shall be all skim milk and butterfat disposed of (1) in fluid form as sweet or sour cream; and (2) in fluid form as any mixture of cream and milk (or skim milk) which contains 8 percent or more but less than 18 percent of butterfat.

(c) Class III milk shall be all skim milk and butterfat specifically accounted for as (1) used to produce, or disposed of as, ice cream, ice cream mix, frozen cream, condensed milk, condensed skim milk, cottage cheese, any other milk product not specified in Class I and Class II milk, or any commercially manufactured food product; (2) having been dumped or disposed of for livestock feeding; and (3) plant shrinkage but not in excess of 2½ percent, respectively, of the total receipts of skim milk or butterfat, not including skim milk or butterfat received from other handlers: *Provided,* That skim milk or butterfat transferred by a handler to any plant of another handler, without first having been weighed and tested in the transferring handler's plant, shall be included in the receipts at the plant of the handler weighing and testing such skim milk or butterfat for the purpose of computing his plant shrinkage to be classified as Class III milk and shall be excluded from the receipts of the transferring handler for the purpose of computing his plant shrinkage to be classified in Class III milk.

§ 971.42 *Responsibility of handlers and reclassification of milk.* (a) In establishing the classification of skim milk and butterfat as required in §§ 971.41 and 971.43 the burden rests upon the handler to account for all skim milk and butterfat received by him and to prove to the market administrator that such skim milk or butterfat should not be classified as Class II milk.

(b) Any skim milk or butterfat classified in one class shall be reclassified if later used or disposed of (whether in original or other form) by a handler in another class, in accordance with such later use or disposition.

§ 971.43 *Transfers.* (a) Subject to the conditions set forth in § 971.42, skim milk or butterfat when transferred in fluid form as milk, skim milk, flavored milk, flavored milk drinks, or buttermilk, by a handler who receives milk from producers or from an association of producers shall be classified (1) in the class as agreed upon by both handlers if transferred to a handler other than as described in subparagraph (2) of this paragraph, subject to verification by the market administrator; (2) as Class I milk, if transferred to a handler who receives no milk from producers or from an association of producers other than such handler's own farm production; and (3) as Class I milk if trans-

ferred by a handler to a person other than a handler who distributes milk in fluid form or manufactures milk products, unless the market administrator is permitted to audit the records of receipts and utilization at the plant of the buyer, in which case the classification of all skim milk and butterfat received at the plant of the buyer shall be determined and the skim milk and butterfat transferred by the handler shall be allocated to the highest use remaining after subtracting, in series beginning with Class I milk, receipts of skim milk and butterfat at the plant of the buyer directly from dairy farmers who the market administrator determines constitute the regular source of supply for the plant of the buyer.

(b) Subject to the conditions set forth in § 971.42, skim milk and butterfat when transferred in fluid form as cream from a handler who receives milk from producers or from an association of producers shall be classified (1) in the class as agreed upon by both handlers if transferred to a handler other than as described in subparagraph (2) of this paragraph, subject to verification by the market administrator; (2) as Class II milk if transferred to a handler who receives no milk from producers or from an association of producers other than such handler's own farm production; and (3) as Class II milk if transferred by a handler to a person other than a handler who distributes cream in fluid form or manufactures milk products: *Provided*, That if the selling handler on or before the 7th day after the end of the month during which the transfer was made furnishes to the market administrator a statement which is signed by the buyer and the seller that such skim milk and butterfat was used as a product covered by Class I milk or Class III milk, such skim milk and butterfat shall be classified accordingly, subject to verification by the market administrator.

§ 971.44 *Computation of the skim milk and butterfat in each class* For each month the market administrator shall correct for mathematical and for other obvious errors the report submitted by each handler for such month and compute the respective amounts of skim milk and butterfat from milk of producers and of associations of producers in Class I milk, Class II milk, and Class III milk, as follows:

(a) Determine the handler's total receipts by adding together the total pounds of milk, skim milk, and cream received, and the pounds of butterfat and skim milk used to produce all other milk products received;

(b) Determine the total pounds of butterfat contained in the receipts computed pursuant to paragraph (a) of this section;

(c) Determine the total pounds of skim milk contained in the receipts computed pursuant to paragraph (a) of this section;

(d) Determine the total pounds of butterfat in Class I milk by: (1) Computing the sum of the pounds of butterfat disposed of in each of the several items of Class I milk; and (2) adding all other butterfat not specifically accounted for as Class II milk or Class II milk;

(e) Determine the total pounds of skim milk in Class I milk by: (1) Computing the sum of the pounds (not including flavoring materials) disposed of as each of the several items of Class I milk; (2) subtracting the result obtained in paragraph (d) (1) of this section; and (3) adding all other skim milk not specifically accounted for as Class II milk or Class III milk;

(f) Determine the total pounds of butterfat in Class II milk by computing the sum of the pounds of butterfat disposed of in each of the several items of Class II milk;

(g) Determine the total pounds of skim milk in Class II milk by: (1) Computing the sum of the pounds of milk, skim milk, and cream disposed of in each of the several items of Class II milk; and (2) subtracting the result obtained in paragraph (f) of this section;

(h) Determine the total pounds of butterfat in Class III milk by: (1) Computing the sum of the pounds of butterfat used to produce each of the several items of Class III milk; and (2) adding the plant shrinkage of butterfat computed pursuant to § 971.41 (c) (3);

(i) Determine the total pounds of skim milk in Class III milk by: (1) Computing the sum of the pounds of milk, skim milk, cream, and other milk products which were used to produce each of the several items of Class III milk; (2) subtracting the result obtained in paragraph (h) (1) of this section; and (3) adding the plant shrinkage of skim milk computed pursuant to § 971.41 (c) (3); and

(j) Determine the classification of milk received from producers and from associations of producers by:

(1) Subtracting, respectively, from the total pounds of skim milk and butterfat in each class, in sequence beginning with Class III milk; the pounds of skim milk and butterfat received as other source milk;

(2) Subtracting, respectively, from the remaining pounds of skim milk and butterfat in each class in sequence beginning with Class III milk, the pounds of skim milk and butterfat received from any handler who receives no milk from producers or from associations of producers other than such handler's own farm production;

(3) Subtracting, respectively, from the remaining pounds of skim milk and butterfat in each class, the pounds of skim milk and butterfat received from handlers other than those described in subparagraph (2) of this paragraph, and used in such class; and

(4) Subtracting, respectively, from the remaining pounds of skim milk and butterfat in each class, in sequence beginning with Class III milk, the pounds of skim milk and butterfat by which the total pounds, respectively, in all classes exceed the pounds of milk received from producers and from associations of producers.

MINIMUM PRICES

§ 971.50 *Basic formula price.* The basic formula price per hundredweight of milk to be used in determining the Class I milk and Class II milk prices for the month as provided by §§ 971.51 and 971.52 shall be the highest of the prices per hundredweight of milk of 3.5 percent butterfat content determined pursuant to paragraphs (a), (b), or (c) of this section:

(a) The market administrator shall compute an average of the basic (or field) prices ascertained to have been paid for milk of 3.5 percent butterfat content received during such month at the following places for which prices are reported to the market administrator by the companies listed below or by the Department of Agriculture:

Company and Location

Borden Co., Black Creek, Wis.
Borden Co., Greenville, Wis.
Borden Co., Mount Pleasant, Mich.
Borden Co., New London, Wis.
Borden Co., Orfordville, Wis.
Carnation Co., Berlin, Wis.
Carnation Co., Jefferson, Wis.
Carnation Co., Clifton, Wis.
Carnation Co., Oconomowoc, Wis.
Carnation Co., Richland Center, Wis.
Carnation Co., Sparta, Mich.
Pet Milk Co., Belleville, Wis.
Pet Milk Co., Coopersville, Mich.
Pet Milk Co., Hudson, Mich.
Pet Milk Co., New Glarus, Wis.
Pet Milk Co., Wayland, Mich.
White House Milk Co., Manitowoc, Wis.
White House Milk Co., West Bend, Wis.

(b) The market administrator shall compute a price as provided below in this paragraph:

(1) Calculate the average of the daily wholesale selling prices per pound (using the midpoint of any price range as one price) of Grade A (92-score) bulk creamery butter during such month as reported by the Department of Agriculture for the Chicago market, and multiply such average by 6;

(2) Add 2.4 times the arithmetical average of the prices determined per pound of "Cheddars" on the Wisconsin Cheese Exchange at Plymouth, Wisconsin, for the trading days that fall within such month as published by the Department of Agriculture;

(3) Divide by 7 and to the resulting amount add 30 percent; and

(4) Multiply the amount computed in subparagraph (3) of this paragraph by 3.5.

(c) The market administrator shall compute a price by adding together the plus amounts calculated pursuant to subparagraphs (1) and (2) of this paragraph:

(1) From the average price of butter computed pursuant to paragraph (b) (1) of this section, subtract 3 cents, add 20 percent thereof, and then multiply by 3.5; and

(2) Calculate the arithmetical average of the carlot prices per pound of roller process nonfat dry milk solids in barrels for human consumption at Chicago for the weeks ending within such month as reported by the Department of Agriculture, deduct 5.5 cents, and multiply the result by 8.2

§ 971.51 *Class I milk prices.* The price to be paid by each handler f. o. b. his plant for that portion of skim milk and butterfat in milk received from producers and from associations of produc-

ers which is classified as Class I milk shall be computed by the market administrator as follows:

(a) Add to the basic formula price $0.75 during each of the months of April through July and $1.05 during each of the other months of the year, and add or subtract "a supply-demand adjustment" computed as follows:

(1) Divide the total gross volume of Class I milk and Class II milk (less interhandler transfers and less bulk sales of Class I milk in excess of 1,000 pounds during each month by each handler to persons other than handlers outside the marketing area) in the second and third months preceding by total receipts of milk from producers for the same months, multiply the result by 100, and round to the nearest whole number. The result shall be known as the current supply-demand percentage.

(2) Compute a net deviation percentage by subtracting from the current supply-demand percentage computed pursuant to subparagraph (1) of this paragraph, the base period ratio shown below:

Month for which price is being computed	Months used to compute ratio	Base period ratio (percent)
January	October and November	86
February	November and December	87
March	December and January	87
April	January and February	84
May	February and March	79
June	March and April	74
July	April and May	66
August	May and June	63
September	June and July	65
October	July and August	70
November	August and September	76
December	September and October	82

(3) Determine the amount of the supply-demand adjustment from the following schedule:

If net deviation percentage is—	Supply-demand adjustment for specified months is—		
	Jan., Feb., Mar., Aug., and Sept.	Apr., May, June, and July	Oct., Nov., and Dec.
+12 or over	+38	+25	+50
+9 or 10	+28	+19	+38
+6 or 7	+20	+13	+26
+3 or 4	+10	+7	+14
+1 or −1	0	0	0
−3 or −4	−10	−14	−7
−6 or −7	−20	−26	−13
−9 or −10	−28	−38	−19
−12 or −13	−38	−50	−25
−15 or −16	−38	−50	−31
−18 or −19	−38	−50	−37
−21 or −22	−38	−50	−43
−24 or under	−38	−50	−50

When the difference from the base period Class I and Class II utilization percentage does not fall within the tabulated brackets, the adjustment shall be determined by the adjacent bracket which is the same as or nearest to the bracket used in the previous month: *Provided*, That the Class I differential adjusted pursuant to this subparagraph for the month of July shall not be more than such adjusted differential for the immediately preceding month of June and for each of the months of August and September the Class I differential adjusted pursuant to this subparagraph shall not be more than such adjusted differential for the immediately preceding month of June plus 30 cents; and the Class I differential adjusted pursuant to this subparagraph for each of the months of December, January, and February shall not be less than the adjusted differential for the immediately preceding month of November.

(b) The price per hundredweight of Class I butterfat shall be the average price of butter computed pursuant to § 971.50 (b) (1) multiplied by 135.

(c) The price per hundredweight of Class I skim milk shall be computed by (1) multiplying the price for butterfat pursuant to paragraph (b) of this section by 0.035; (2) subtracting such amount from the sum obtained in paragraph (a) of this section; (3) dividing such net amount by 0.965; and (4) rounding off to the nearest full cent.

§ 971.52 *Class II milk prices.* The price to be paid by each handler f. o. b. his plant for that portion of skim milk and butterfat in milk received from producers and associations of producers which is classified as Class II milk shall be computed by the market administrator as follows:

(a) Subtract $0.30 from the Class I price.

(b) The price per hundredweight of Class II butterfat shall be the average price of butter computed pursuant to § 971.50 (b) (1) multiplied by 130.

(c) The price of Class II skim milk shall be computed by (1) multiplying the price for butterfat pursuant to paragraph (b) of this section by 0.035; (2) subtracting such amount from the sum obtained in paragraph (a) of this section; (3) dividing such net amount by 0.965; and (4) rounding off to the nearest full cent.

§ 971.53 *Class III milk prices.* The prices to be paid by each handler f. o. b. his plant for that portion of skim milk and butterfat in milk received from producers and from associations of producers which is classified as Class III milk shall be computed by the market administrator as follows:

(a) Calculate the price per hundredweight of butterfat by multiplying the average price of butter computed pursuant to § 971.50 (b) (1) by 120 for the months of April, May, June, and July and by 125 for all other months: *Provided*, That the price per hundredweight of butterfat made into butter shall be computed for all months by multiplying the average price of butter computed pursuant to § 971.50 (b) (1) by 120, and then subtracting $3.60.

(b) The price per hundredweight of such skim milk shall be computed by dividing the amount computed pursuant to § 971.50 (c) (2) by 0.965: *Provided*, That for each of the months of April through July, 20 cents shall be subtracted from the amount so computed, and during the months of October through February 20 cents shall be added to the amount so computed.

§ 971.54 *Grade A milk prices.* Each handler shall pay, in addition to the prices provided in §§ 971.51, 971.52 and 971.53, $0.25 per hundredweight with respect to all skim milk and butterfat in milk received from Grade A producers up to an amount equivalent to such handler's total quantity of producer milk classified as Class I milk and Class II milk pursuant to § 971.44.

HANDLER'S OBLIGATION AND UNIFORM PRICE

§ 971.60 *Value of milk.* The value of milk of each handler for each month shall be a sum of money computed by the market administrator by:

(a) Multiplying by the applicable class prices for skim milk and butterfat, pursuant to §§ 971.51, 971.52 and 971.53, the amounts of skim milk and butterfat in each class which were received either in milk from producers or from an association of producers during such month, and adding together such amounts;

(b) Adding any amount required pursuant to § 971.54;

(c) Adding an amount equal to the value of any skim milk or butterfat subtracted pursuant to § 971.44 (j) (4) at the applicable price for the class (or classes) from which such skim milk or butterfat was subtracted;

(d) Adding an amount computed by multiplying the differences between the Class III price and the price of the class of disposition by the respective quantities of any skim milk or butterfat disposed of by a handler as Class I or Class II milk which was received as milk, skim milk or cream from a handler who receives no milk from producers or an association of producers other than from his own farm production; and

(e) Adding or subtracting, as the case may be, any amount necessary to correct any errors discovered by the market administrator in the verification of reports or payments of such handler for any previous month which result in payments due the producer-settlement fund or the handler.

§ 971.61 *Notification.* On or before the 12th day after the end of each month the market administrator shall notify each handler of the value of his milk for such month as computed in accordance with § 971.60 and of the amount by which such value is greater or less than the total amount required to be paid by such handler pursuant to § 971.70.

§ 971.62 *Computation of the uniform price.* For each month the market administrator shall compute, with respect to milk received by handlers from producers and from associations of producers, a uniform price per hundredweight by:

(a) Combining into one total the values for skim milk and butterfat of all handlers, except those of handlers who failed to make payments required pursuant to § 971.74 for the preceding month and except the values provided by § 971.54;

(b) Adding an amount representing not less than one-half the unobligated balance in the producer-settlement fund;

(c) Subtracting an amount equivalent to the moneys to be retained pursuant to § 971.81;

(d) Subtracting, if the weighted average butterfat test of all pooled milk is greater than 3.5 percent, or adding, if the weighted average butterfat test

of such milk is less than 3.5 percent, an amount computed by multiplying the total hundred-weight of butterfat represented by the difference of such weighted average butterfat test from 3.5 percent by the Class III price for butterfat, as computed prior to the proviso in § 971.53 (a);

(e) Dividing by the hundredweight of pooled milk; and

(f) Subtracting not less than 4 cents nor more than 5 cents. The result shall be known as the "uniform price" per hundredweight for milk of 3.5 percent butterfat content received from producers and from associations of producers for such month.

(g) To the uniform price computed pursuant to paragraph (f) of this section add an amount computed (to the nearest cent per hundredweight) by dividing the total of the amounts required pursuant to § 971.54 by the total hundredweight of milk received from Grade A producers. The result shall be known as the "Grade A uniform price" per hundredweight for milk of 3.5 percent butterfat content for such month.

§ 971.63 *Announcement of prices.* (a) On or before the 6th day after the end of each month the market administrator shall notify all handlers and make public announcement of the class prices for skim milk and butterfat received from producers or from associations of producers during such month.

(b) On or before the 12th day after the end of each month the market administrator shall notify all handlers and make public announcement of the uniform prices computed pursuant to § 971.62 for such month, and of the butterfat differential computed pursuant to § 971.72 for such month.

PAYMENTS

§ 971.70 *Time and method of final payment.* Each handler shall pay on or before the 17th day after the end of each month, for all milk received from producers during such month, subject to the butterfat differential announced pursuant to § 971.63 and less the amount of the payment made pursuant to § 971.71, as follows: To each producer not a Grade A producer at not less than the uniform price and to each Grade A producer at not less than the Grade A uniform price: *Provided,* That a total amount not less than the sum of the amounts payable to individual producers from which a cooperative association has received written authorization to collect payment, shall be paid to such association on or before the 16th day after the end of such month.

§ 971.71 *Partial payments.* (a) On or before the 27th day of each month each handler shall make payment except as set forth in paragraph (b) of this section, to each producer at not less than $2.00 per hundredweight for the milk of such producer which was received by such handler during the first 15 days of such month.

(b) On or before the 26th day of each month, each handler shall make payment to an association of producers for milk of producers from whom such cooperative association has received written authorization to collect payment, at not less than $2.00 per hundredweight for all such milk which was received by such handler during the first 15 days of such month.

§ 971.72 *Butterfat differential.* For each month the market administrator shall compute to the nearest one-tenth cent a butterfat differential by dividing the Class III price per hundredweight of butterfat for such month, as computed prior to the proviso in § 971.53 (a) by 1,000.

§ 971.73 *Producer-settlement fund.* The market administrator shall establish and maintain a separate fund known as the "producer-settlement fund" into which he shall deposit all payments made by handlers pursuant to § 971.74 and out of which he shall make all payments due to handlers pursuant to § 971.75: *Provided,* That the market administrator shall offset any such payment due any handler against payments due from such handler.

§ 971.74 *Payments to the producer-settlement fund.* On or before the 14th day after the end of each month, each handler shall pay to the market administrator the amount by which the total value of his milk for such month is greater than the sum required to be paid by such handler pursuant to § 971.70.

§ 971.75 *Payments out of the producer-settlement fund.* On or before the 16th day after the end of each month the market administrator shall pay to each handler the amount by which the sum required to be paid producers by such handler pursuant to § 971.70 is greater than the total value of the milk of such handler for such month: *Provided,* That if the balance in the producer-settlement fund is insufficient to make all payments pursuant to this section, the market administrator shall reduce uniformly such payments and shall complete such payments as soon as the necessary funds are available. No handler who, on the 16th day after the end of any month, has not received full payment for such month from the market administrator pursuant to this section shall be deemed to be in violation of § 971.70 if he reduces his payments per hundredweight thereunder by not more than the amount of the reduction in payment from the market administrator.

§ 971.76 *Adjustment of errors.* Whenever verification by the market administrator of the payment by a handler to a producer or to an association of producers, pursuant to §§ 971.70 or 971.71, discloses payment of less than is required, the handler shall make up such payment not later than the time for making payment pursuant to §§ 971.70 or 971.71 next following such disclosure.

§ 971.77 *Expense of administration.* As his pro rata share of the expense incurred pursuant to § 971.22 (c), each handler shall pay to the market administrator, on or before the 14th day after the end of each month, 2 cents per hundredweight, or such lesser amount as the Secretary may from time to time prescribe, with respect to receipts during such month of:

(a) Milk from producers (including such handler's own production); and

(b) Other source milk classified as Class I milk and Class II milk.

§ 971.78 *Marketing services*—(a) *Deductions.* Except as set forth in paragraph (b) of this section, each handler shall deduct an amount not exceeding 6 cents per hundredweight, or such lessor amount as the Secretary from time to time may prescribe, from the payments made pursuant to § 971.70, with respect to all milk received by such handler during each month from producers (not including such handler's own production) and from associations of producers, and shall pay such deductions to the market administrator on or before the 14th day after the end of such month. Such moneys shall be used by the market administrator to verify weights, samples, and tests of such milk received by handlers and to provide such producers and associations of producers with market information, such services to be performed in whole or in part by the market administrator or by an agent engaged by him and responsible to him.

(b) *By cooperative associations.* In the case of producers for whom a cooperative association is actually performing, as determined by the Secretary, the services set forth in paragraph (a) of this section, each handler shall make, in lieu of the deductions specified in paragraph (a) of this section, such deductions from the payments to be made to such producers as may have been authorized by such producers and, on or before the 16th day after the end of the month, pay over such deductions to the cooperative association rendering such services.

COOPERATIVE ASSOCIATION PAYMENTS

§ 971.80 *Cooperative association payments*—(a) *Eligibility.* Upon application to the Secretary, any cooperative association duly organized under the laws of any State which he determines, after appropriate inquiry or investigation, to be conforming to the provision of such laws; to be operating as a producer-controlled marketing association exercising full authority in the sale of milk of, and assuming responsibility for making payments to some of its members; to be maintaining individually or in collaboration with other qualified cooperative associations, a competent staff for dealing with marketing problems and to be complying with all provisions hereof applicable to such cooperative association, shall be entitled, under the further conditions hereinafter specified, to receive, on and after such date as the Secretary shall deem to be appropriate, until the time as of which such payments have been suspended in the manner provided in § 971.83, payments as follows: At the rate of one-half cent per hundredweight on all milk (a) marketed by it on behalf of those members for whom it is exercising full authority in the sale of milk and is assuming responsibility for making payments, and (b) on which reports and payments have been made as required under §§ 971.30 and 971.70.

§ 971.81 *Payment.* The market administrator, upon receiving from a coop-

erative association an application for payments pursuant to this section, shall retain for each month thereafter in the producer-settlement fund such sum as he estimates is ample to make such payments to the applicant. Such sum shall be held in reserve until the Secretary has ruled upon said application and, when the application has been ruled upon, the market administrator shall make payment or issue credit out of such reserve in accordance with said ruling and shall release the balance of the reserved sum, if any, for disposition pursuant to § 971.62 (b). Also, the market administrator, except as provided in § 971.83, shall make, on or before the 15th day of each month, such payments or issue credit therefor out of the producer-settlement fund, subject to verification of the facts upon which the amount of payment is based.

§ 971.82 *Reports.* Each cooperative association qualified to receive payments pursuant to this section shall, from time to time as requested by the market administrator, make reports to him with respect to its conformity with any or all of the conditions for qualification or to the use of such payments, and shall file with him a copy of its balance sheet and operating statement at the close of each fiscal year.

§ 971.83 *Suspension.* Whenever he has reason to believe that such association is no longer qualified to receive payment, the market administrator shall suspend payment upon his own initiative or upon request by the Secretary, by giving written notice to the cooperative association and to the Secretary. Such suspended payments shall be aggregated and held in reserve until the Secretary, after giving notice and opportunity for hearing, has appraised the performance of the cooperative association in meeting the conditions set forth in § 971.80, and either has issued an order for a partial or complete payment of funds held in reserve to the cooperative association or an order disqualifying such association. Such an order by the Secretary shall be made effective as of whatever date he may deem appropriate. Any balance of funds held in reserve and not paid to the cooperative association shall be released for disposition pursuant to § 971.62 (b).

MISCELLANEOUS PROVISIONS

§ 971.90. *Application of provisions.* Sections 971.50 through 971.54; 971.60 through 971.63; 971.70 through 971.78; and 971.91 through 971.94 shall not apply to a handler who receives at his plant only milk of his own farm production or from other handlers.

§ 971.91 *Effective time.* The provisions of this subpart, or any amendment to this subpart, shall become effective at such time as the Secretary may declare and shall continue in force until suspended or terminated, pursuant to § 971.92.

§ 971.92 *Suspension or termination.* The Secretary may suspend or terminate this subpart or any provision of this subpart, whenever he finds that this subpart or any provisions of this subpart, obstructs, or does not tend to effectuate, the declared policy of the act. This subpart shall terminate, in any event, whenever the provisions of the act authorizing it cease to be in effect.

§ 971.93 *Continuing power and duty of the market administrator.* (a) If, upon the suspension or termination of any or all provisions of this subpart, there are any obligations arising under this subpart, the final accrual or ascertainment of which requires further acts by any handler, by the market administrator, or by any other person, the power and duty to perform such further acts shall continue notwithstanding such suspension or termination: *Provided,* That any such acts required to be performed by the market administrator shall, if the Secretary so directs, be performed by such other person, persons, or agency as the Secretary may designate.

(b) The market administrator, or such other person as the Secretary may designate, shall (1) continue in such capacity until discharged by the Secretary, (2) from time to time account for all receipts and disbursements, and, when so directed by the Secretary, deliver all funds or property on hand, together with the books and records of the market administrator, or such person, to such person as the Secretary may direct, and (3) if so directed by the Secretary, execute such assignments or other instruments necessary or appropriate to vest in such person full title to all funds, property, and claims vested in the market administrator or such person pursuant hereto.

§ 971.94 *Liquidation after suspension or termination.* Upon the suspension or termination of any or all provisions of this subpart, the market administrator, or such person as the Secretary may designate shall, if so directed by the Secretary, liquidate the business of the market administrator's office and dispose of all funds and property then in his possession or under his control, together with claims for any funds which are unpaid or owing at the time of such suspension or termination. Any funds collected pursuant to the provisions of this subpart, over and above the amounts necessary to meet outstanding obligations and the expenses necessarily incurred by the market administrator or such person in liquidating and distributing such funds, shall be distributed to the contributing handlers and producers in an equitable manner.

§ 971.95 *Agents.* The Secretary may, by designation in writing, name any officer or employee of the United States to act as his agent or representative in connection with any of the provisions of this subpart.

§ 971.96 *Separability of provisions.* If any provision of this subpart, or the application thereof to any person or circumstances, is held invalid, the remainder of the subpart, and the application of such provision to other persons or circumstances, shall not be affected thereby.

§ 971.97 *Termination of obligations.* The provisions of this section shall apply to any obligation under this subpart for the payment of money irrespective of when such obligation arose, except an obligation involved in an action instituted before August 1, 1949, under section 8c (15) (A) of the act or before a court.

(a) The obligation of any handler to pay money required to be paid under the terms of this subpart shall, except as provided in paragraphs (b) and (c) of this section, terminate two years after the last day of the month during which the market administrator receives the handler's utilization report on the milk involved in such obligation, unless within such two-year period the market administrator notifies the handler in writing that such money is due and payable. Service of such notice shall be complete upon mailing to the handler's last known address, and it shall contain but need not be limited to, the following information:

(1) The amount of the obligation;

(2) The month(s) during which the milk, with respect to which the obligation exists, was received or handled; and

(3) If the obligation is payable to one or more producers or to an association of producers, the name of such producer(s) or association of producers, or if the obligation is payable to the market administrator, the account for which it is to be paid.

(b) If a handler fails or refuses, with respect to any obligation under this subpart, to make available to the market administrator or his representatives all books and records required by this subpart to be made available, the market administrator may, within the two-year period provided for in paragraph (a) of this section, notify the handler in writing of such failure or refusal. If the market administrator so notifies a handler, the said two-year period with respect to such obligation shall not begin to run until the first day of the month following the month during which all such books and records pertaining to such obligations are made available to the market administrator or his representatives.

(c) Notwithstanding the provisions of paragraphs (a) and (b) of this section, a handler's obligation under this subpart to pay money shall not be terminated with respect to any transaction involving fraud or willful concealment of a fact, material to the obligation, on the part of the handler against whom the obligation is sought to be imposed.

(d) Any obligation on the part of the market administrator to pay a handler any money which such handler claims to be due him under the terms of this subpart shall terminate two years after the end of the month during which the milk involved in the claim was received if an underpayment is claimed, or two years after the end of the month during which the payment (including deduction or setoff by the market administrator) was made by the handler if a refund on such payment is claimed, unless such handler, within the applicable period of time files, pursuant to section 8c (15) (A) of the act, a petition claiming such money.

[F. R. Doc. 51-11235; Filed, Sept. 17, 1951; 8:51 a. m.]

NOTICES

DEPARTMENT OF THE TREASURY

Bureau of Customs

[T. D. 52816]

COMBINATION POCKET AND TABLE CIGARETTE LIGHTERS

CLASSIFICATION

A practice has developed of classifying all combination pocket and table cigarette lighters under paragraph 1552 of the Tariff Act of 1930, as modified, as smokers' articles, rather than under paragraph 1527 (c), as modified, as articles designed to be carried on or about the person. The practice developed after decisions had been rendered by the United States Customs Court (Abs. 41771, 2 Cust. Ct. 792; Abs. 44662, 5 Cust. Ct. 380) holding certain combination lighters with removable bases to be dutiable under paragraph 1552 on the basis of their condition at the time of importation.

In a case reported as T. D. 49349, the United States Customs Court held that a combination lighter with a removable base had been designed to be carried on or about the person and that it was therefore classifiable under paragraph 1527 (c). In that case the lighter was a complete lighter without the base and it was very suitable to be carried on or about the person. It was more easily operated without the base and, when the base was removed, there was revealed a ring for use in suspending the lighter on or about the person. The court held that it was immaterial that the lighter was also designed for use as a table lighter.

In Abstracts 41771 and 44662, no reference was made to T. D. 49349 and the decisions indicate that no evidence, other than the samples of the imported articles, was submitted. It is believed therefore that the court did not intend to overrule its decision in T. D. 49349, and that cases may be successfully defended upon the principle relied upon in the last-mentioned decision. See also T. D. 42562, T. D. 44003, T. D. 49593, Abs. 40003 (1 Cust. Ct. 516), Abs. 44487 (5 Cust. Ct. 346), and Abs. 47650 (9 Cust. Ct. 432).

In the circumstances, the principle set forth in T. D. 49349 should be given effect. That is, cigar and cigarette lighters, obviously designed to be carried about the person whether or not also designed for use as table lighters, imported with bases not integral parts of the lighters, are in fact articles which, in their imported condition, are designed to be carried about the person and which are provided for by name and description in paragraph 1527 (c).

However, as this ruling will result in the assessment of duty at a higher rate than has heretofore been assessed on combination lighters under a uniform and established practice, it shall be applied to such lighters only when entered or withdrawn from warehouse for consumption after 30 days after the publication of this decision in the weekly Treasury Decisions.

D. B. STRUBINGER,
Acting Commissioner of Customs.

Approved: September 11, 1951.

JOHN S. GRAHAM,
Acting Secretary of the Treasury.

[F. R. Doc. 51-11228; Filed, Sept. 17, 1951; 8:50 a. m.]

POST OFFICE DEPARTMENT

PARAGUAY

PARCEL POST

Effective at once the temporary suspension of parcel post service to Paraguay (16 F. R. 6779, 8252) is removed.

(R. S. 161, 396, 398, secs. 304, 309, 42 Stat. 24, 25, 48 Stat. 943; 5 U. S. C. 22, 369, 372)

[SEAL] J. M. DONALDSON,
Postmaster General.

[F. R. Doc. 51-11205; Filed, Sept. 17, 1951; 8:46 a. m.]

DEPARTMENT OF AGRICULTURE

Production and Marketing Administration

SPRINGFIELD STOCKYARDS AND CULBERTSON SALE BARN CO.

DEPOSTING OF STOCKYARDS

It has been ascertained that the Springfield Stockyards, Springfield, Missouri, originally posted on December 3, 1925, as being subject to the Packers and Stockyards Act, 1921, as amended (7 U. S. C. 181 et seq.), and the Culbertson Sale Barn Company, Culbertson, Nebraska, originally posted on February 2, 1950, as being subject to the provisions of said act, no longer come within the definition of a stockyard under said act for the reason that such stockyards are no longer being conducted or operated as public livestock markets. Therefore, notice is given to the owners of such stockyards and to the public that such stockyards are no longer subject to the provisions of said act.

Notice of public rule making has not preceded promulgation of the foregoing rule since it is found that the giving of such notice would prevent the due and timely administration of the Packers and Stockyards Act and would, therefore, be impractical. There is no legal warrant or justification for not deposting promptly a stockyard which is no longer being conducted or operated as a public livestock market and is, therefore, no longer a stockyard within the definition contained in said act.

The foregoing rule is in the nature of a rule granting an exemption or relieving a restriction and, therefore, may be made effective in less than 30 days after publication thereof in the FEDERAL REGISTER. This notice shall become effective upon publication in the FEDERAL REGISTER.

(7 U. S. C. 181 et seq.)

Done at Washington, D. C., this 12th day of September 1951.

[SEAL] H. E. REED,
Director, Livestock Branch, Production and Marketing Administration.

[F. R. Doc. 51-11210; Filed, Sept. 17, 1951; 8:47 a. m.]

DEPARTMENT OF LABOR

Wage and Hour Division

LEARNER EMPLOYMENT CERTIFICATES

ISSUANCE TO VARIOUS INDUSTRIES

Notice is hereby given that pursuant to section 14 of the Fair Labor Standards Act of 1938 as amended, (52 Stat. 1068, as amended; 29 U. S. C. and Supp. 214) and Part 522 of the Regulations issued thereunder (29 CFR Part 522), special certificates authorizing the employment of learners at hourly wage rates lower than the minimum wage rates applicable under section 6 of the act have been issued to the firms listed below. The employment of learners under these certificates is limited to the terms and conditions therein contained and is subject to the provisions of Part 522. The effective and expiration dates, occupations, wage rates, number or proportion of learners, and learning period for certificates issued under the general learner regulations (§§ 522.1 to 522.14) are as indicated below; conditions provided in certificates issued under special industry regulations are as established in these regulations.

Single Pants, Shirts and Allied Garments, Women's Apparel, Sportswear, Rainwear and Other Odd Outerwear, Robes and Leather and Sheep-Lined Garments Divisions of the Apparel Industry Learner Regulations (29 CFR 522.160 to 522.166, as amended September 25, 1950; 15 F. R. 5701; 6326).

Cairo Mills, Inc., 39½ Main Street, Cairo, N. Y., effective 9/29/51 to 9/28/52; 10 percent of the productive factory force for normal labor turnover (polo shirts).

Cowden Manufacturing Co., East Main Street, Stanford, Ky., effective 9/15/51 to 3/14/52; 60 learners may be employed for expansion purposes (overalls).

The Essex Manufacturing Co., 620-6 Franklyn Avenue, Essex, Baltimore 21, Md., effective 9/10/51 to 3/9/52; an additional 15 learners may be employed for expansion purposes only (supplemental certificate) (cotton work pants).

J & B Sportswear Co., Maple Street, Tresckow, Pa., effective 9/7/51 to 9/6/52; for normal labor turnover, 10 percent of the productive factory workers or five learners, whichever is greater (women's wearing apparel).

Lackawanna Pants Manufacturing Co., Cedar Avenue and Brook Street, Scranton, Pa., effective 9/8/51 to 9/7/52; 10 percent of the productive factory force for normal labor turnover (work pants).

Locustdale Manufacturing Co., Locustdale, Pa., effective 9/10/51 to 9/9/52; five learners (ladies' blouses).

R. Lowenbaum Manufacturing Co., 2223 Locust Street, St. Louis 3, Mo., effective 9/28/51 to 9/27/52; for normal labor turn-

over, 10 percent of the productive factory workers (dresses).

McNeer Dillon Co., Statesville, N. C., effective 9/10/51 to 3/7/52; 10 additional learners may be employed for expansion purposes only (shirts).

Northern Garment Manufacturers, 500 State Street, Onaway, Mich., effective 9/10/51 to 9/9/52; three learners (boys' and men's garments).

Osgood & Sons, Inc., Warsaw, Ill., effective 9/7/51 to 9/6/52; 10 learners for normal labor turnover (dresses).

Reidbord Bros Co., Blairton, Pa., effective 9/7/51 to 3/6/52; 25 learners may be employed for expansion purposes (trousers).

Rocky Mount Division, N & W Industries, Inc., Rocky Mount, Va., effective 9/7/51 to 1/14/52; an additional 15 learners may be employed for expansion purposes (supplemental certificate) (dungarees).

H. A. Satin & Co., Inc., Grayville, Ill., effective 9/7/51 to 3/6/52; 15 learners may be employed for expansion purposes (dresses).

Scranton Togs, 1128 Jackson Street, Scranton, Pa., effective 9/10/51 to 9/9/52; for normal labor turnover, 10 percent of the productive factory workers or 10 learners, whichever is greater (children's heavy outerwear).

Stafford-Hayes, Inc., 402 South State Street, Clark's Summit, Pa., effective 9/17/51 to 3/16/52; 15 learners may be employed for expansion purposes; this certificate does not authorize the employment of learners at subminimum wage rates in the manufacture of skirts (ladies' dresses, blouses and sportswear).

Glove Industry Learner Regulations (29 CFR 522.220 to 522.231, as amended October 26, 1950; 15 F. R. 6888).

The Boss Manufacturing Co., 107 North Boss Street, Kewanee, Ill., effective 9/10/51 to 9/9/52; 10 percent of the total number of productive factory workers.

The Boss Manufacturing Co., 3012 South Adams Street, Peoria, Ill., effective 9/10/51 to 9/9/52; 10 percent of the total number of productive factory workers.

The Boss Manufacturing Co., 320 Ballard Street, Lebanon, Ind., effective 9/10/51 to 9/9/52; 10 learners.

The Boss Manufacturing Co., 327 North Main Street, Bluffton, Ohio, effective 9/11/51 to 9/10/52; 10 learners.

The Boss Manufacturing Co., Palm, Pa., effective 9/10/51 to 9/9/52; 10 learners.

The E. Richard Meining Co., Reading, Pa., effective 9/6/51 to 9/5/52; 25 learners.

Knitted Wear Industry Learner Regulations (29 CFR 522.69 to 522.79, as amended January 25, 1950, 15 F. R. 398).

Royal Manufacturing Co., Sanderville, Ga., effective 9/10/51 to 9/9/52; 5 percent of the productive factory force for normal labor turnover.

Royal Manufacturing Co., Sanderville, Ga., effective 9/10/51 to 3/9/52; 20 learners for expansion purposes only.

Regulations Applicable to the Employment of Learners (29 CFR 522.1 to 522.14).

Paperlynen Co., Division of White Castle System, Inc., 555 West Goodale Street, Columbus, Ohio, effective 9/10/51 to 3/9/52; five learners; folding; 160 hours at 65 cents per hour (paper hats).

Each certificate has been issued upon the employer's representation that employment of learners at subminimum rates is necessary in order to prevent curtailment of opportunities for employment, and that experienced workers for the learner occupations are not available. The certificates may be cancelled in the manner provided in the regulations and as indicated in the certificates. Any person aggrieved by the issuance of any of these certificates may seek a review or reconsideration thereof within fifteen days after publication of this notice in the FEDERAL REGISTER pursuant to the provisions of Part 522.

Signed at Washington, D. C., this 10th day of September 1951.

MILTON BROOKE,
Authorized Representative of the Administrator.

[F. R. Doc. 51-11197; Filed, Sept. 17, 1951; 8:45 a. m.]

FEDERAL POWER COMMISSION

[Docket No. G-1791]

CENTRAL KENTUCKY NATURAL GAS CO.

ORDER SUSPENDING PROPOSED TARIFF

SEPTEMBER 11, 1951.

On August 17, 1951, Central Kentucky Natural Gas Company (Central Kentucky) filed with the Commission its FPC Gas Tariff, Second Revised Volume No. 1. Central Kentucky requests the Commission to waive the notice requirements and make the said proposed Second Revised Volume No. 1 effective retroactively to July 16, 1951.

Said Second Revised Volume No. 1, as filed, would result in an increase in the charges for natural-gas service from an average of 29.7 cents per Mcf of natural gas sold thereunder to an average of 36.4 cents per Mcf. The proposed increase in charges would result in increased payments by Central Kentucky's customers amounting to $2,868,820, which is an increase of 22½ percent, based upon the estimated sales during the twelve-month period ending June 30, 1952. Central Kentucky avers that the proposed increase is necessitated principally by the impact upon its purchased gas costs, of increased rates filed by Central Kentucky's supplier, United Fuel Gas Company. Such higher rates of United Fuel Gas Company are, however, not effective, and have been suspended by the Commission.

The increased rates and charges provided in said Second Revised Volume No. 1 have not been shown to be justified and may be unjust, unreasonable, unduly discriminatory or preferential, or otherwise unlawful.

As required by § 154.16 of the Commission's regulations under the Natural Gas Act, a copy of said Second Revised Volume No. 1 has been sent to each customer of central Kentucky which would be affected thereby, to the Public Service Commission of Kentucky, and to the Kentucky cities of North Middletown and Carlisle. Comments have been received from some of such parties.

The Cincinnati Gas & Electric Company and The Union Light, Heat and Power Company have filed objections to the proposed increase, and have requested that such Second Revised Volume No. 1 be suspended and a hearing held with respect to its reasonableness.

The Commission finds: It is necessary and proper in the public interest and to aid in the enforcement of the provisions of the Natural Gas Act that the Commission enter upon a hearing, pursuant to the authority contained in sections 4 and 15 of such act, concerning the lawfulness of Central Kentucky's FPC Gas Tariff, Second Revised Volume No. 1, and that said Second Revised Volume No. 1 be suspended as hereinafter provided and the use thereof be deferred pending hearing and decision herein. Such suspension will operate to deny Central Kentucky's request that the Commission make the said proposed increase in rates and charges effective as of July 16, 1951.

The Commission orders:

(A) Pursuant to the authority contained in sections 4 and 15 of the Natural Gas Act, a public hearing be held upon a date to be fixed by further order of the Commission concerning the lawfulness of rates, charges, and classifications contained in the aforesaid Central Kentucky Natural Gas Company's FPC Gas Tariff, Second Revised Volume No. 1.

(B) Pending such hearing and decision thereon, said Central Kentucky Natural Gas Company's FPC Gas Tariff, Second Revised Volume No. 1 be and the same is hereby suspended and the use thereof is deferred until February 17, 1952, and until such further time thereafter as said Second Revised Volume No. 1 may be made effective in the manner prescribed by the Natural Gas Act.

(C) Interested State Commissions may participate as provided by §§ 1.8 and 1.37 (f) (18 CFR 1.8 and 1.37 (f)) of the Commission's rules of practice and procedure.

Date of issuance: September 12, 1951.

By the Commission.

[SEAL] LEON M. FUQUAY,
Secretary.

[F. R. Doc. 51-11198; Filed, Sept. 17, 1951; 8:45 a. m.]

[Docket Nos. G-1669, G-1765]

TEXAS ILLINOIS NATURAL GAS PIPELINE CO. AND ALLIED GAS CO.

NOTICES OF FINDINGS AND ORDERS

SEPTEMBER 12, 1951.

Notice is hereby given that, on September 10, 1951, the Federal Power Commission issued its findings and orders, entered September 7, 1951, issuing certificates of public convenience and necessity, in the above-entitled matters.

[SEAL] LEON M. FUQUAY,
Secretary.

[F. R. Doc. 51-11199; Filed, Sept. 17, 1951; 8:45 a. m.]

[Project No. 400]

WESTERN COLORADO POWER CO.

NOTICE OF ORDER DETERMINING COST

SEPTEMBER 12, 1951.

Notice is hereby given that, on September 10, 1951, the Federal Power Commission issued its order, entered September 6, 1951, determining actual legiti-

mate original cost of initial project, net changes therein, and prescribing accounting therefor, in the above-entitled matter.

[SEAL] LEON M. FUQUAY, *Secretary.*

[F. R. Doc. 51-11200; Filed, Sept. 17, 1951; 8:45 a. m.]

[Docket No. G-1618]

NORTHERN NATURAL GAS CO.

NOTICE OF CONTINUANCE OF HEARING

SEPTEMBER 10, 1951.

Upon consideration of request filed September 6, 1951, by Northern Natural Gas Company, for postponement and continuance of the hearing now scheduled for September 17, 1951, in the above-designated matter;

Notice is hereby given that the hearing in the above-designated matter be and it is hereby continued to October 22, 1951, at 10:00 a. m., in the Commission's Hearing Room, at 1800 Pennsylvania Avenue NW., Washington, D. C.

[SEAL] LEON M. FUQUAY, *Secretary.*

[F. R. Doc. 51-11201; Filed, Sept. 17, 1951; 8:46 a. m.]

[Docket No. G-1777]

ALLENTOWN-BETHLEHEM GAS CO.

NOTICE OF APPLICATION

SEPTEMBER 11, 1951.

Take notice that Allentown-Bethlehem Gas Company (Applicant), a Pennsylvania corporation, address, Allentown, Pennsylvania, filed on August 24, 1951, an application for an order of the Commission pursuant to section 7 (b) of the Natural Gas Act, authorizing and approving the abandonment of certain natural-gas facilities extending from Applicant's distribution system in Pennsylvania to the middle of a bridge crossing the Delaware River, and the discontinuance of delivery and sale of natural gas to City Gas Company of Phillipsburg, New Jersey.

Applicant proposes such abandonment in order to make available to its other customers the volumes of gas presently being delivered to Phillipsburg by means of the facilities proposed to be abandoned, and to eliminate duplication of service. Applicant states that after the proposed abandonment, service to Phillipsburg, New Jersey, would be rendered from the facilities of Texas Eastern Transmission Corporation via facilities of The Manufacturers Light & Heat Company and Penn Jersey Pipe Line Company pursuant to applications for authorization therefor now pending before the Commission. The original cost of the facilities to be abandoned per books of Applicant is $9,900.

Protests or petitions to intervene may be filed with the Federal Power Commission, Washington 25, D. C., in accordance with the rules of practice and procedure (18 CFR 1.8 or 1.10) on or before the 1st day of October 1951. The application is on file with the Commission for public inspection.

[SEAL] LEON M. FUQUAY, *Secretary.*

[F. R. Doc. 51-11202; Filed, Sept. 17, 1951; 8:46 a. m.]

[Docket No. G-1782]

TRANSCONTINENTAL GAS PIPE LINE CORP.

NOTICE OF APPLICATION FOR CERTIFICATE

SEPTEMBER 11, 1951.

Take notice that on August 31, 1951 Transcontinental Gas Pipe Line Corporation (Applicant), a Delaware corporation having its principal place of business in Houston, Texas, filed an application for a certificate of public convenience and necessity pursuant to section 7 of the Natural Gas Act, as amended, authorizing the construction and operation of the following described facilities:

A metering station, together with appurtenant equipment, to be located in the vicinity of the City of Laurens in Laurens County, South Carolina.

The facilities for which authorization is sought are to be used for the sale and delivery of natural gas on an interruptible basis up to 4,000 Mcf per day by Transcontinental to the Laurens Glass Works, Inc.

The estimated total over-all cost of the proposed facilities is $12,543. The Applicant proposes to finance the cost of such facilities out of funds on hand.

Applicant further requests that the Commission proceed in accordance with § 1.32 of the Commission's rules of practice and procedure in processing this application, and omit the intermediate decision procedure, and Applicant waives oral hearings and opportunity for filing exceptions to the decision of the Commission.

Applicant further requests temporary authorization for the construction and operation of the facilities herein proposed pending final action on this application.

The application is on file with the Commission for public inspection. Protests or petitions to intervene may be filed with the Federal Power Commission, Washington 25, D. C., in accordance with the rules of practice and procedure (18 CFR 1.8 or 1.10) on or before the 1st day of October 1951.

[SEAL] LEON M. FUQUAY, *Secretary.*

[F. R. Doc. 51-11203; Filed, Sept. 17, 1951; 8:46 a. m.]

[Docket No. G-1783]

TRANSCONTINENTAL GAS PIPE LINE CORP.

NOTICE OF APPLICATION FOR CERTIFICATE

SEPTEMBER 11, 1951.

Take notice that on August 31, 1951, Transcontinental Gas Pipe Line Corporation (Applicant), a Delaware corporation having its principal place of business in Houston, Texas, filed an application for a certificate of public convenience and necessity, pursuant to section 7 of the Natural Gas Act, as amended, authorizing the construction and operation of the following described facilities:

A meter station, together with appurtenant equipment, to be located near Williamston, in Anderson County, South Carolina.

The facilities for which authorization is sought are to be used for the sale and delivery of natural gas up to 30,000 Mcf of natural gas per day on an interruptible basis by Transcontinental to the Duke Power Company.

The estimated total over-all capital cost of the proposed facilities is $20,490.

Applicant proposed to finance the cost of such facilities out of funds on hand.

Applicant further requests that the Commission proceed in accordance with § 1.32 of the Commission's rules of practice and procedure in processing this application, and omit the intermediate decision procedure, and Applicant waives oral hearings and opportunity for filing exceptions to the decision of the Commission.

Applicant further requests temporary authorization for the construction and operation of the facilities herein proposed pending final action on this application.

The application is on file with the Commission for public inspection. Protests or petitions to intervene may be filed with the Federal Power Commission, Washington 25, D. C., in accordance with the Rules of Practice and Procedure (18 CFR 1.8 or 1.10) on or before the 1st day of October 1951.

[SEAL] LEON M. FUQUAY, *Secretary.*

[F. R. Doc. 51-11204; Filed, Sept. 17, 1951; 8:46 a. m.]

SECURITIES AND EXCHANGE COMMISSION

[File No. 70-2677]

ALABAMA POWER CO.

SUPPLEMENTAL ORDER CONCERNING THE ISSUANCE AND SALE OF PRINCIPAL AMOUNT FIRST MORTGAGE BONDS

At a regular session of the Securities and Exchange Commission, held at its office in the city of Washington, D. C., on the 12th day of September 1951.

Alabama Power Company ("Alabama"), a subsidiary of The Southern Company ("Southern"), a registered holding company, having filed an application-declaration and amendments thereto, under the Public Utility Holding Company Act of 1935 ("act"), with respect to the issuance and sale by Alabama, pursuant to the competitive bidding requirements of Rule U-50 promulgated under the act, of $15,000,000, principal amount of First Mortgage Bonds, ____ Percent Series, due 1981, and the transfer of $7,500,000 from the earned surplus account of Alabama to the common stock stated capital account, thereby increasing this latter account from $53,522,121 to $61,022,121; and

The Commission having by order dated August 31, 1951, granted and permitted

to become effective said application-declaration, as amended, except that the issuance and sale of said bonds were not to be consummated until the results of competitive bidding, pursuant to Rule U-50, were made a matter of record in this proceeding and a further order issued, for which purpose jurisdiction was expressly reserved; and

Jurisdiction also having been reserved in respect of all fees and expenses incurred or to be incurred in connection with the proposed transactions; and

Alabama having filed further amendment to the application-declaration in which it is stated that in accordance with the Commission's order dated August 31, 1951, it offered said bonds for sale pursuant to the competitive bidding requirements of Rule U-50 and received the following bids:

Bidding group headed by—	Annual interest rate (percent)	Price to company [1] (percent of principal)	Annual cost to company (percent)
Morgan Stanley & Co.	3¼	101.2769	3.1836
Halsey, Stuart & Co., Inc.	3¼	101.209	3.1871
The First Boston Corp.	3¼	101.136	3.1909
Kuhn, Loeb & Co.	3¼	101.134	3.1910
Lehman Bros.	3¼	101.0999	3.1927
Union Securities Corp., Equitable Securities Corp., and Drexel & Co.	3¼	101.069	3.1943
Blyth & Co., Kidder, Peabody & Co., and Stone & Webster Securities Corp.	3¼	100.93999	3.2010
Shields & Co., and Salomon Bros. & Hutzler	3¼	100.265	3.2361
Harriman, Ripley & Co., Inc.	3¼	101.65	3.2881

[1] Exclusive of accrued interest from September 1, 1951.

Said amendment having further stated that Alabama has accepted the bid of Morgan Stanley & Company for the bonds as set forth above and that the bonds will be offered for sale to the public at a price of 101.93 percent of the principal amount plus accrued interest resulting in an underwriters' spread of 0.6531 percent of the principal amount, aggregating $97,965.00; and

Said amendment also having set forth the expenses and fees incurred in connection with the proposed transactions as follows:

S. E. C. registration fee	$1,545.00
Issuance taxes (Federal and State)	39,000.00
Trustee's charges	10,000.00
Printing and engraving	27,700.00
Recording supplemental indenture	1,500.00
Winthrop, Stimson, Putnam & Roberts, counsel:	
Fee	10,000.00
Expenses	100.00
Arthur Andersen Co., accountants:	
Fee	13,285.00
Expenses	2,100.00
Haskins & Sells:	
Fee	900.00
Expenses	50.00
Southern Services, Inc., mutual service company	[1] 3,095.80
Miscellaneous	4,800.00
	114,075.80

[1] This item is for services to 8/31/51. Additional unspecified amounts subsequent to that date have been and are to be incurred.

It also appearing that the fee and estimated expenses of Reid & Priest, New York, New York, independent counsel for the purchasers of the new bonds, which are to be paid by said purchasers, are $7,000.00 and $50.00, respectively; and

The Commission having examined said amendment and having considered the record herein and finding no reason for imposing any terms or conditions with respect to the price and spread of said bonds, and further finding that the fees and expenses other than those proposed to be paid to Southern Services, Inc., Arthur Andersen & Co., and Haskins & Sells are not unreasonable and that the record is incomplete with respect to the fees and expenses of these firms;

It is ordered, That the application-declaration, as further amended, be, and hereby is, granted and permitted to become effective forthwith, subject to the provisions of Rule U-24, and that the jurisdiction heretofore reserved over the issuance and sale of the bonds with respect to the results of competitive bidding be, and the same hereby is, released;

It is further ordered, That jurisdiction heretofore reserved over the payment of all fees and expenses be, and hereby is, released except as to the fees and expenses of Southern Services, Inc., Arthur Andersen & Co., and Haskins & Sells.

By the Commission.

[SEAL] ORVAL L. DUBOIS, *Secretary.*

[F. R. Doc. 51-11213; Filed, Sept. 17, 1951; 8:47 a. m.]

[File No. 70-2698]

ARKANSAS POWER & LIGHT CO.

NOTICE OF FILING WITH RESPECT TO ISSUANCE AND SALE OF PRINCIPAL AMOUNT OF FIRST MORTGAGE BONDS

At a regular session of the Securities and Exchange Commission, held at its office in the city of Washington, D. C., on the 12th day of September A. D. 1951.

Notice is hereby given that Arkansas Power & Light Company ("Arkansas"), a utility subsidiary of Middle South Utilities, Inc., a registered holding company, has filed an application pursuant to the Public Utility Holding Company Act of 1935 and has designated section 6 (b) thereof and Rule U-50 of the rules and regulations promulgated thereunder as applicable to the proposed transactions which are summarized as follows:

Arkansas proposes to issue and sell pursuant to the competitive bidding requirements of Rule U-50 $8,000,000 principal amount of its First Mortgage Bonds, ____ Percent Series, due 1981. Such Bonds will be issued under and secured by the Company's presently existing Mortgage and Deed of Trust dated as of October 1, 1944, as heretofore supplemented and as to be further supplemented by a Fifth Supplemental Indenture to be dated as of October 1, 1951.

The application states that the proceeds will be used in connection with the Company's construction program and for other corporate purposes. The Company's construction program for the year 1951 is estimated to cost approximately $20,600,000 of which approximately $12,221,000 had been expended to July 31, 1951. Estimated construction expenditures for the year 1952 are stated to be approximately $20,300,000.

The application states that the issuance and sale of the proposed security is subject to the approval of the Arkansas Public Service Commission, the State Commission of the State in which Arkansas is organized and doing business.

Notice is further given, that any interested person may, not later than September 24, 1951, at 5:30 p. m., e. d. s. t., request in writing that a hearing be held on such matter, stating the nature of his interest, the reasons for such request and the issues of fact or law, if any, raised by said application which he desires to controvert, or may request that he be notified if the Commission should order a hearing thereon. Any such request should be addressed: Secretary, Securities and Exchange Commission, 425 Second Street NW., Washington 25, D. C. At any time after September 24, 1951, at 5:30 p. m., e. d. s. t., said application, as filed or as amended, may be granted as provided by Rule U-23 of the rules and regulations promulgated under said act, or the Commission may exempt such transactions as provided in Rule U-20 (a) and Rule U-100 thereof.

By the Commission.

[SEAL] ORVAL L. DUBOIS, *Secretary.*

[F. R. Doc. 51-11214; Filed, Sept. 17, 1951; 8:47 a. m.]

GENERAL SERVICES ADMINISTRATION

HEADS OF SERVICES, STAFF OFFICERS, AND REGIONAL DIRECTORS

GENERAL DELEGATION OF AUTHORITY TO EXECUTE CONTRACTS FOR SALE OF STRATEGIC AND CRITICAL MATERIALS

Consonant with the provisions of section 3 (a) (1) of the Administrative Procedure Act (60 Stat. 238; 5 U. S. C. 1002 (a) (1)), and pursuant to authority vested in me as Administrator of General Services by the Federal Property and Administrative Services Act of 1949, as amended (63 Stat. 378, as amended; 41 U. S. C. 201), the General Delegation of Authority to Heads of the Services, Staff Officers, and Regional Directors (15 F. R. 7775) is hereby supplemented by amending section 3c (2) (a) to read as follows:

(a) The authority contained in the Strategic and Critical Materials Stock Piling Act (60 Stat. 596) transferred to the Administrator by the act, including the authority to execute contracts for the sale of strategic and critical materials released from the national stock pile pursuant to the provisions of section 5 of said stock piling act.

This supplement shall be effective as of the date hereof.

Dated: September 11, 1951.

JESS LARSON, *Administrator.*

[F. R. Doc. 51-11250; Filed, Sept. 17, 1951; 8:47 a. m.]

DEPARTMENT OF JUSTICE

Office of Alien Property

AUTHORITY: 40 Stat. 411, 55 Stat. 839, Pub. Laws 322, 671, 79th Cong., 60 Stat. 50, 925; 50 U. S. C. and Supp. App. 1, 616; E. O. 9193, July 6, 1942, 3 CFR, Cum. Supp., E. O. 9567, June 8, 1945, 3 CFR, 1945 Supp., E. O. 9788, Oct. 14, 1946, 11 F. R. 11981.

[Vesting Order 18456]

FRANZ ILLENBERGER ET AL.

In re: Rights of Franz Illenberger, et al., under insurance contract. File No. F-28-26768-H-1.

Under the authority of the Trading With the Enemy Act, as amended, Executive Order 9193, as amended, and Executive Order 9788, and pursuant to law, after investigation, it is hereby found:

1. That Franz Illenberger and Cella Illenberger, whose last known address is Germany, are residents of Germany and nationals of a designated enemy country (Germany);

2. That the net proceeds due or to become due under a contract of insurance evidenced by Policy No. 202189 issued by the West Coast Life Insurance Company, San Francisco, California, to Franz Illenberger, and any and all other benefits and rights of any kind or character whatsoever under or arising out of said contract of insurance except those of the aforesaid West Coast Life Insurance Company together with the right to demand, enforce, receive and collect the same is property within the United States owned or controlled by, payable or deliverable to, held on behalf of, or on account of, or owing to, or which is evidence of ownership or control by Franz Illenberger or Cella Illenberger, the aforesaid nationals of a designated enemy country (Germany);

and it is hereby determined:

3. That to the extent that the persons named in subparagraph 1 hereof are not within a designated enemy country, the national interest of the United States requires that such persons be treated as nationals of a designated enemy country (Germany).

All determinations and all action required by law, including appropriate consultation and certification, having been made and taken, and, it being deemed necessary in the national interest,

There is hereby vested in the Attorney General of the United States the property described above, to be held, used, administered, liquidated, sold or otherwise dealt with in the interest of and for the benefit of the United States.

The terms "national" and "designated enemy country" as used herein shall have the meanings prescribed in section 10 of Executive Order 9193, as amended.

Executed at Washington, D. C., on September 11, 1951.

For the Attorney General.

[SEAL] HAROLD I. BAYNTON,
Assistant Attorney General,
Director, Office of Alien Property.

[F. R. Doc. 51-11170; Filed, Sept. 14, 1951; 8:53 a. m.]

[Vesting Order 18457]

OTTOKAR ERICH JOHANNES PETERHANSEL ET AL.

In re: Rights of Ottokar Erich Johannes Peterhansel, et al., under insurance contract. File No. F-28-26752-H-1.

Under the authority of the Trading With the Enemy Act, as amended, Executive Order 9193, as amended, and Executive Order 9788, and pursuant to law, after investigation, it is hereby found:

1. That Ottokar Erich Johannes Peterhansel and Gottlieb Peterhansel, whose last known address is Germany, are residents of Germany and nationals of a designated enemy country (Germany);

2. That the net proceeds due or to become due under a contract of insurance evidenced by Policy No. 203866 issued by the West Coast Life Insurance Company, San Francisco, California, to Ottokar Erich Johannes Peterhansel, and any and all other benefits and rights of any kind or character whatsoever under or arising out of said contract of insurance except those of the aforesaid West Coast Life Insurance Company together with the right to demand, enforce, receive and collect the same is property within the United States owned or controlled by, payable or deliverable to, held on behalf of, or on account of, or owing to, or which is evidence of ownership or control by Ottokar Erich Johannes Peterhansel or Gottlieb Peterhansel, the aforesaid nationals of a designated enemy country (Germany);

and it is hereby determined:

3. That to the extent that the persons named in subparagraph 1 hereof are not within a designated enemy country, the national interest of the United States requires that such persons be treated as nationals of a designated enemy country (Germany).

All determinations and all action required by law, including appropriate consultation and certification, having been and taken, and, it being deemed necessary in the national interest,

There is hereby vested in the Attorney General of the United States the property described above, to be held, used, administered, liquidated, sold or otherwise dealt with in the interest of and for the benefit of the United States.

The terms "national" and "designated enemy country" as used herein shall have the meanings prescribed in section 10 of Executive Order 9193, as amended.

Executed at Washington, D. C., on September 11, 1951.

For the Attorney General.

[SEAL] HAROLD I. BAYNTON,
Assistant Attorney General,
Director, Office of Alien Property.

[F. R. Doc. 51-11171; Filed, Sept. 14, 1951; 8:53 a. m.]

[Vesting Order 16357, Amdt.]

MRS. ANNA BOETTCHER

In re: Rights of Mrs. Anna Boettcher under insurance contract. File No. D-28-10904-H-1.

Vesting Order 16357, dated December 13, 1950, is hereby amended to read as follows:

Under the authority of the Trading With the Enemy Act, as amended, Executive Order 9193, as amended, and Executive Order 9788, and pursuant to law, after investigation, it is hereby found:

1. That Mrs. Anna Boettcher whose last known address is Germany, is a resident of Germany and a national of a designated enemy country (Germany);

2. That the net proceeds due or to become due under contract of insurance evidenced by Policy No. 7300 GLH, Serial CH 503 issued by the Metropolitan Life Insurance Company, New York, New York, to Rudolph Boettcher, together with the right to demand, receive and collect said net proceeds, is property within the United States, owned or controlled by, payable or deliverable to, held on behalf of or on account of, or owing to, or which is evidence of ownership or control by, Mrs. Anna Boettcher, the aforesaid national of a designated enemy country (Germany);

and it is hereby determined:

3. That to the extent that the person named in subparagraph 1 hereof is not within a designated enemy country, the national interest of the United States requires that such person be treated as a national of a designated enemy country (Germany).

All determinations and all action required by law, including appropriate consultation and certification, having been made and taken, and, it being deemed necessary in the national interest,

There is hereby vested in the Attorney General of the United States the property described above, to be held, used, administered, liquidated, sold or otherwise dealt with in the interest of and for the benefit of the United States.

The terms "national" and "designated enemy country" as used herein shall have the meanings prescribed in section 10 of Executive Order 9193, as amended.

Executed at Washington, D. C., on September 11, 1951.

For the Attorney General.

[SEAL] HAROLD I. BAYNTON,
Assistant Attorney General,
Director, Office of Alien Property.

[F. R. Doc. 51-11172; Filed, Sept. 14, 1951; 8:53 a. m.]

[Vesting Order 17333, Amdt.]

HELEN AND SUYE DANIEL

In re: Stock and bank account owned by Helen Daniel and Suye Daniel.

Vesting Order 17333, dated February 12, 1951, is hereby amended as follows and not otherwise:

a. By deleting subparagraph 2a from Vesting Order 17333 and substituting therefor the following subparagraph:

"a. Twenty (20) shares of $25.00 par value common stock of The American Tobacco Company, 111 Fifth Avenue, New York, New York, evidenced by certificate numbered 183941, registered in

the name of Hurley & Company, and presently in the custody of The National City Bank of New York, 55 Wall Street, New York, New York, together with all declared and unpaid dividends thereon,"

b. By deleting subparagraph 2c from Vesting Order 17333 and substituting therefor the following subparagraph:

"c. Thirty (30) shares of no par value common stock of United States Steel Corporation, 71 Broadway, New York, New York, evidenced by certificates numbered P-6186 for 10 shares and 144293 for 20 shares, said certificates registered in the name of Hurley & Company, and presently in the custody of The National City Bank of New York, 55 Wall Street, New York, New York, together with all declared and unpaid dividends thereon,"

All other provisions of said Vesting Orders 17333 and all action taken by or on behalf of the Attorney General of the United States in reliance thereon, pursuant thereto and under the authority thereof are hereby ratified and confirmed.

Executed at Washington, D. C., on September 11, 1951.

For the Attorney General.

[SEAL] HAROLD I. BAYNTON,
Assistant Attorney General,
Director, Office of Alien Property.

[F. R. Doc. 51-11173; Filed, Sept. 14, 1951; 8:53 a. m.]

[Vesting Order 18458]

TAKAICHI FURUHASHI ET AL.

In re: Real property owned by Takaichi Furuhashi and others. D-39-1434.

Under the authority of the Trading With the Enemy Act, as amended, Executive Order 9193, as amended, and Executive Order 9788, and pursuant to law, after investigation, it is hereby found:

1. That Takaichi Furuhashi, whose last known address is Japan, is a resident of Japan and a national of a designated enemy country (Japan):

2. That the personal representatives, heirs, next of kin, legatees and distributees of Howard H. Furuhashi, deceased, who there is reasonable cause to believe are residents of Japan, are nationals of a designated enemy country (Japan);

3. That the property described as follows: That certain real property situated in the County of Fresno, State of California, particularly described as follows: Lots fifteen (15) and sixteen (16) in Block "D" of the City (formerly Town) of Kingsburg, according to the official map of said Town of Kingsburg on file in the Office of the County Recorder of the County of Fresno, State of California, together with all hereditaments, fixtures, improvements and appurtenances thereto, and any and all claims for rents, refunds, benefits or other payments, arising from the ownership of such interest,

is property within the United States owned or controlled by, payable or deliverable to, held on behalf of or on account of, or owing to, or which is evidence of ownership or control by, the aforesaid nationals of a designated enemy country (Japan);

and it is hereby determined:

4. That to the extent that the persons named in subparagraph 1 hereof and referred to in subparagraph 2 hereof are not within a designated enemy country, the national interest of the United States requires that such persons be treated as nationals of a designated enemy country (Japan).

All determinations and all action required by law, including appropriate consultation and certification, having been made and taken, and, it being deemed necessary in the national interest,

There is hereby vested in the Attorney General of the United States the property described in subparagraph 3 hereof, subject to recorded liens, encumbrances and other rights of record held by or for persons who are not nationals of designated enemy countries, to be held, used, administered, liquidated, sold or otherwise dealt with in the interest of and for the benefit of the United States.

The terms "national" and "designated enemy country" as used herein shall have the meanings prescribed in section 10 of Executive Order 9193, as amended.

Executed at Washington, D. C., on September 12, 1951.

For the Attorney General.

[SEAL] HAROLD I. BAYNTON,
Assistant Attorney General,
Director, Office of Alien Property.

[F. R. Doc. 51-11216; Filed, Sept. 17, 1951; 8:48 a. m.]

[Vesting Order 18459]

CERTAIN UNKNOWN PERSONS

In re: Debt owing to persons unknown. F-39-775-C-1.

Under the authority of the Trading With the Enemy Act, as amended, Executive Order 9193, as amended, and Executive Order 9788, and pursuant to law, after investigation, it is hereby found:

1. That the persons referred to in subparagraph 2 hereof, who if individuals there is reasonable cause to believe are residents of Japan, and which if partnerships, corporations, associations or other organizations, there is reasonable cause to believe are organized under the laws of, or have or, on or since the effective date of Executive Order 8389, as amended, have had their principal places of business in Japan, are nationals of a designated enemy country (Japan);

2. That the property described as follows: That certain debt or other obligations of the Superintendent of Banks of the State of New York, as Liquidator of the Business and Property in New York of The Yokohama Specie Bank, Ltd., 80 Spring Street, New York 12, New York, arising out of a collection after closing account maintained on the books of said Bank and representing refund received for account of Banco Nacional Ultramarino, Lisbon, Portgual, of cover for unexecuted telegraphic transfer remittance ordered by The Yokohama Specie Bank, Ltd., Tokio, and any and all rights to demand, enforce and collect the same,

is property within the United States owned or controlled by, payable or deliverable to, held on behalf of or on account of, or owing to, or which is evidence of ownership or control by persons unknown, referred to in subparagraph 1 hereof, the aforesaid nationals of a designated enemy country (Japan);

and it is hereby determined:

3. That to the extent that the persons referred to in subparagraph 1 hereof are not within a designated enemy country, the national interest of the United States requires that such persons be treated as nationals of a designated enemy country (Japan).

All determinations and all action required by law, including appropriate consultation and certification, having been made and taken, and, it being deemed necessary in the national interest,

There is hereby vested in the Attorney General of the United States the property described above, to be held, used, administered, liquidated, sold or otherwise dealt with in the interest of and for the benefit of the United States.

The terms "national" and "designated enemy country" as used herein shall have the meanings prescribed in section 10 of Executive Order 9193, as amended.

Executed at Washington, D. C., on September 12, 1951.

For the Attorney General.

[SEAL] HAROLD I. BAYNTON,
Assistant Attorney General,
Director, Office of Alien Property.

[F. R. Doc. 51-11217; Filed, Sept. 17, 1951; 8:48 a. m.]

[Vesting Order 18460]

ELIZABETH DOERSAM

In re: Bonds owned by Elizabeth Doersam, also known as Elisabeth Dorsam. F-28-31007-A-1.

Under the authority of the Trading With the Enemy Act, as amended, Executive Order 9193, as amended, and Executive Order 9788, and pursuant to law, after investigation, it is hereby found:

1. That Elizabeth Doersam, also known as Elisabeth Dorsam, whose last known address is Klein Welzheim, Hessen, Germany, is a resident of Germany and a national of a designated enemy country (Germany);

2. That the property described as follows: Two (2) Lombardy Hotel Corporation Twenty Year Income Bonds due December 1, 1961, each of $500.00 face value, bearing the numbers D 2158 and D 2159, both registered in the name of Elizabeth Doersam, with capital stock certificate for ten (10) shares annexed, and presently in the custody of Clinton Trust Company, 325 Spring Street, New York 13, New York, together with any and all rights thereunder and thereto, and all declared and unpaid dividends on the annexed shares,

is property within the United States owned or controlled by, payable or deliverable to, held on behalf of or on account of, or owing to, or which is evidence of

ownership or control by, the aforesaid national of a designated enemy country (Germany);

and it is hereby determined:

3. That to the extent that the person named in subparagraph 1 hereof is not within a designated enemy country, the national interest of the United States requires that such person be treated as a national of a designated enemy country (Germany).

All determinations and all action required by law, including appropriate consultation and certification, having been made and taken, and it being deemed necessary in the national interest,

There is hereby vested in the Attorney General of the United States the property described above, to be held, used, administered, liquidated, sold or otherwise dealt with in the interest of and of the benefit of the United States.

The terms "national" and "designated enemy country" as used herein shall have the meanings prescribed in section 10 of Executive Order 9193, as amended.

Executed at Washington, D. C., on September 12, 1951.

For the Attorney General.

[SEAL] HAROLD I. BAYNTON,
Assistant Attorney General,
Director, Office of Alien Property.

[F. R. Doc. 51-11218; Filed, Sept. 17, 1951; 8:48 a. m.]

[Vesting Order 18461]

SUTEMATSU ENDO

In re: Debts owing to Sutematsu Endo, also known as S. M. Endo. D-39-1030.

Under the authority of the Trading With the Enemy Act, as amended, Executive Order 9193, as amended, and Executive Order 9788, and pursuant to law, after investigation, it is hereby found:

1. That Sutemstsu Endo, also known as S. M. Endo, whose last known address is Japan, is a resident of Japan and a national of a designated enemy country (Japan);

2. That the property described as follows:

a. That certain debt or other obligation of Pacific Bank, in Dissolution, P. O. Box 1200, Honolulu, T. H., arising out of a deposit account, entitled "Fumino Endo, by S. M. Endo", identified on the records of the aforesaid bank in dissolution as Receiver's Liability Number 9603, together with any and all accruals thereto, and any and all rights to demand, enforce and collect the same,

b. That certain debt or other obligation of Pacific Bank, in Dissolution, P. O. Box 1200, Honolulu, T. H., arising out of a deposit account, entitled "Midori Endo, by S. M. Endo", identified on the records of the aforesaid bank in dissolution as Receiver's Liability Number 9605, together with any and all accruals thereto, and any and all rights to demand, enforce and collect the same, and

c. That certain debt or other obligation of Pacific Bank in Dissolution, P. O. Box 1200, Honolulu, T. H., arising out of a deposit account, entitled "Midori Endo, by S. M. Endo", identified on the records of the aforesaid bank in dissolution as Receiver's Liability Number 1846, together with any and all accruals thereto, and any and all rights to demand, enforce and collect the same,

is property within the United States owned or controlled by, payable or deliverable to, held on behalf of or on account of, or owing to, or which is evidence of ownership or control by, Sutematsu Endo, also known as S. M. Endo, the aforesaid national of a designated enemy country (Japan);

and it is hereby determined:

3. That to the extent that the person named in subparagraph 1 hereof is not within a designated enemy country, the national interest of the United States requires that such person be treated as a national of a designated enemy country (Japan).

All determinations and all action required by law, including appropriate consultation and certification, having been made and taken, and, it being deemed necessary in the national interest,

There is hereby vested in the Attorney General of the United States the property described above, to be held, used, administered, liquidated, sold or otherwise dealt with in the interest of and for the benefit of the United States.

The terms "national" and "designated enemy country" as used herein shall have the meanings prescribed in section 10 of Executive Order 9193, as amended.

Executed at Washington, D. C., on September 12, 1951.

For the Attorney General.

[SEAL] HAROLD I. BAYNTON,
Assistant Attorney General,
Director, Office of Alien Property.

[F. R. Doc. 51-11219; Filed, Sept. 17, 1951; 8:49 a. m.]

[Vesting Order 18462]

ELIZABETH IMELMANN

In re: Stock owned by Elizabeth Imelmann also known as Elizabeth Immelmann and as M. Diedenhofen. F-28-24479-H-1.

Under the authority of the Trading With the Enemy Act, as amended, Executive Order 9193, as amended, and Executive Order 9788, and pursuant to law, after investigation, it is hereby found:

1. That Elizabeth Imelmann also known as Elizabeth Immelmann and as M. Diedenhofen, whose last known address is Holtensen 27 bei Hameln Weser, Germany, is a resident of Germany and a national of a designated enemy country (Germany);

2. That the property described as follows: Eighteen (18) shares of $15.00 par value common capital stock of Butler Brothers, 426 West Randolph Street, Chicago, Illinois, a corporation organized under the laws of the State of Illinois, evidenced by Certificates numbered CC/O 9490 for ten (10) shares and CC/O 328 for eight (8) shares of $10.00 par value stock of the aforesaid Butler Brothers, and presently in the custody of Mrs. Irma H. Baule, 19060 Huntington Street, Detroit 24, Michigan, together with all declared and unpaid dividends thereon, and any and all rights to exchange said certificates for $15.00 par value stock of the aforesaid Butler Brothers,

is property within the United States owned or controlled by, payable or deliverable to, held on behalf of or on account of, or owing to, or which is evidence of ownership or control by, the aforesaid national of a designated enemy country (Germany);

and it is hereby determined:

3. That to the extent that the person named in subparagraph 1 hereof is not within a designated enemy country, the national interest of the United States requires that such person be treated as a national of a designated enemy country (Germany).

All determinations and all action required by law, including appropriate consultation and certification, having been made and taken, and, it being deemed necessary in the national interest,

There is hereby vested in the Attorney General of the United States the property described above, to be held, used, administered, liquidated, sold or otherwise dealt with in the interest of and for the benefit of the United States.

The terms "national" and "designated enemy country" as used herein shall have the meanings prescribed in section 10 of Executive Order 9193, as amended.

Executed at Washington, D. C., on September 12, 1951.

For the Attorney General.

[SEAL] HAROLD I. BAYNTON,
Assistant Attorney General,
Director, Office of Alien Property.

[F. R. Doc. 51-11220; Filed, Sept. 17, 1951; 8:49 a. m.]

[Vesting Order 18463]

ELSIE SCHNALL

In re: Securities owned by Elsie Schnall also known as Elise Schnall, as Elise Klara Schnall and as Elsie Pietrock. F-28-25968-D-1.

Under the authority of the Trading With the Enemy Act, as amended, Executive Order 9193, as amended, and Executive Order 9788, and pursuant to law, after investigation, it is hereby found:

1. That Elsie Schnall also known as Elise Schnall, as Elise Klara Schnall and as Elsie Pietrock, whose last known address is 7 Schluterstrasse, Berlin-Charlottenburg, Germany, is a resident of Germany and a national of a designated enemy country (Germany);

2. That the property described as follows: Twenty-five (25) shares of $10.00 par value common stock of Follansbee Steel Corporation, Third and Liberty Avenues, Pittsburgh 22, Pennsylvania, evidenced by certificate numbered NC 0215, registered in the name of Elsie Schnall, together with any and all declared and unpaid dividends thereon,

is property within the United States owned or controlled by, payable or deliverable to, held on behalf of or on account of, or owing to, or which is evidence of ownership or control by, the aforesaid national of a designated enemy country (Germany);

and it is hereby determined:

3. That to the extent that the person named in subparagraph 1 hereof is not within a designated enemy country, the national interest of the United States requires that such person be treated as a national of a designated enemy country (Germany).

All determinations and all action required by law, including appropriate consultation and certification, having been made and taken, and it being deemed necessary in the national interest.

There is hereby vested in the Attorney General of the United States the property described above, to be held, used, administered, liquidated, sold or otherwise dealt with in the interest of and for the benefit of the United States.

The terms "national" and "designated enemy country" as used herein shall have the meanings prescribed in section 10 of Executive Order 9193, as amended.

Executed at Washington, D. C., on September 12, 1951.

For the Attorney General.

[SEAL] HAROLD I. BAYNTON,
Assistant Attorney General,
Director, Office of Alien Property.

[F. R. Doc. 51-11221; Filed, Sept. 17, 1951; 8:49 a. m.]

[Vesting Order 18464]

S. K. YAMADA

In re: Bonds owned by S. K. Yamada. D-39-728-A-1.

Under the authority of the Trading With the Enemy Act, as amended, Executive Order 9193, as amended, and Executive Order 9788, and pursuant to law, after investigation, it is hereby found:

1. That S. K. Yamada, whose last known address is Japan, is a resident of Japan and a national of a designated enemy country (Japan);

2. That the property described as follows: Those certain bonds described in Exhibit A, set forth below and by reference made a part hereof, presently in the custody of the Superintendent of Banks of the State of California, as Liquidator of the Sumitomo Bank of California, Sacramento, California, c/o State Banking Department, 111 Sutter Street, San Francisco, California, together with any and all rights thereunder and thereto, subject, however, to any and all lawful liens of the Sumitomo Bank of California and/or Superintendent of Banks of the State of California, as Liquidator of the Sumitomo Bank of California, arising out of a pledge of the aforesaid bonds by S. K. Yamada as collateral security for a loan by said Bank,

is property within the United States owned or controlled by, payable or deliverable to, held on behalf of or on account of, or owing to, or which is evidence of ownership or control by, the aforesaid national of a designated enemy country (Japan);

and it is hereby determined:

3. That to the extent that the person named in subparagraph 1 hereof is not within a designated enemy country, the national interest of the United States requires that such person be treated as a national of a designated enemy country (Japan).

All determinations and all actions required by law, including appropriate consultation and certification, having been made and taken, and, it being deemed necessary in the national interest,

There is hereby vested in the Attorney General of the United States the property described above, to be held, used, administered, liquidated, sold or otherwise dealt with in the interest of and for the benefit of the United States.

The terms "national" and "designated enemy country" as used herein shall have the meanings prescribed in section 10 of Executive Order 9193, as amended.

Executed at Washington, D. C., on September 12, 1951.

For the Attorney General.

[SEAL] HAROLD I. BAYNTON,
Assistant Attorney General,
Director, Office of Alien Property.

EXHIBIT A

Description of issue	*Aggregate face value*
Imperial Japanese Government, external loan of 1924, 35-year sinking fund 6½ percent gold bonds, due Feb. 1, 1954	$4,000
City of Yokohama, external loan of 1926, sinking fund 6 percent gold bonds, due Dec. 1, 1961	2,000
Tokyo Electric Light Co., Ltd., first mortgage gold bonds 6 percent dollar series, due June 15, 1953	2,000
City of Tokio, external loan of 1927, sinking fund 5½ percent gold bonds, due Oct. 1, 1961	4,000

[F. R. Doc. 51-11222; Filed, Sept. 17, 1951; 8:49 a. m.]

[Vesting Order 18283, Amdt.]

DR. FRANZ HEYDER ET AL.

In re: Securities owned by Dr. Franz Heyder and others.

Vesting Order 18283, dated August 6, 1951, is hereby amended as follows and not otherwise:

1. By adding to Exhibit A, attached to and by reference made a part of the aforesaid Vesting Order 18283, opposite the words "Maine Mining and Manufacturing Company", and under the heading "Certificate Numbers", the figures "A 234" and "C 100".

2. By deleting from Exhibit B, attached to and by reference made a part of the aforesaid Vesting Order 18283, the words "Paramount Lite Company" and substituting therefor the words "Paramount Life Company".

3. By deleting from subparagraph 25 (v) of the aforesaid Vesting Order 18283, the words "Steneck Title & Mortgage Company" and substituting therefor the words "Steneck Title & Mortgage Guaranty Company".

All other provisions of said Vesting Order 18283 and all actions taken by or on behalf of the Attorney General of the United States in reliance thereon, pursuant thereto and under the authority thereof are hereby ratified and confirmed.

Executed at Washington, D. C., on September 12, 1951.

For the Attorney General.

[SEAL] HAROLD I. BAYNTON,
Assistant Attorney General,
Director, Office of Alien Property.

[F. R. Doc. 51-11223; Filed, Sept. 17, 1951; 8:49 a. m.]

[Vesting Order 11004, Amdt.]

GOTTFRIED HAGER ET AL.

In re: Stock owned by Gottfried Hager and others and Voting Trust Certificates owned by Frau Stadtpfarrer Barner and others.

Vesting Order 11004, dated March 31, 1948, is hereby amended as follows and not otherwise:

1. By deleting from subparagraph 6 of the aforesaid Vesting Order 11004 the figure "13541" set forth as the number of the certificate evidencing 1100 shares of $1.00 par value capital stock of Basin Montana Tunnel Company registered in the name of Fritz Jungaberle and substituting therefor the figure "13451".

All other provisions of said Vesting Order 11004 and all actions taken by or on behalf of the Attorney General of the United States in reliance thereon, pursuant thereto and under the authority thereof are hereby ratified and confirmed.

Executed at Washington, D. C., on September 12, 1951.

For the Attorney General.

[SEAL] HAROLD I. BAYNTON,
Assistant Attorney General,
Director, Office of Alien Property.

[F. R. Doc. 51-11224; Filed, Sept. 17, 1951; 8:50 a. m.]

JUSTINE FALTIN, ET AL.

NOTICE OF INTENTION TO RETURN VESTED PROPERTY

Pursuant to section 32 (f) of the Trading With the Enemy Act, as amended, notice is hereby given of intention to return, on or after 30 days from the date of the publication hereof, the following property, subject to any increase or decrease resulting from the administration thereof prior to return, and after adequate provision for taxes and conservatory expenses:

Claimant, Claim No., Property, and Location

Justine Faltin, Weitra, Austria; Theresia Bohm, nee Kitzler, Rieggers, Bezirk Zwettl, Austria; Karl Faltin, Aspern, Austria; Leopold Kitzler, a missing person, by his Guardian, Johanna Kitzler, Mitterndorf, Austria; Juliana Bubik, nee Kitzler, Vienna,

Austria; Johann Kitzler, Weitra (District of Gmund), Austria; Justine Federsel, nee Kitzler, Vienna, Austria; Claims Nos. 41616, 42428, and 44946; $6,857.23 in the Treasury of the United States, returnable as follows: 1/5 each to Theresia Bohm, Justine Faltin, Karl Faltin and Leopold Kitzler; 1/15 each to Juliana Bubik, Johann Kitzler and Justine Federsel. All right, title, and interest of Franz Kitzler in and to the Estate of Leo (Leopold) Kitzler, deceased, returnable, in equal shares, to Juliana Bubik, Johann Kitzler and Justine Federsel. All right, title and interest of Justine Faltin in and to the said estate, returnable to Justine Faltin. All right, title and interest of the heirs, next of kin, of Leo (Leopold) Kitzler in and to the said estate, returnable as follows: 1/5 each to Theresia Bohm, Justine Faltin, Karl Faltin and Leopold Kitzler; 1/15 each to Juliana Bubik, Johann Kitzler and Justine Federsel.

Executed at Washington, D. C., on September 11, 1951.

For the Attorney General.

[SEAL] HAROLD I. BAYNTON,
Assistant Attorney General,
Director, Office of Alien Property.

[F. R. Doc. 51-11174; Filed, Sept. 14, 1951; 8:54 a. m.]

COUNT DINO (BERNARDINO) BRANCA ET AL.

NOTICE OF INTENTION TO RETURN VESTED PROPERTY

Pursuant to section 32 (f) of the Trading With the Enemy Act, as amended, notice is hereby given of intention to return, on or after 30 days from the date of publication hereof, the following property located in Washington, D. C., including all royalties accrued thereunder and all damages and profits recoverable for past infringement thereof, after adequate provision for taxes and conservatory expenses:

Claimants, Claim No., and Property

Count Dino (Bernardino) Branca, Milan, Italy, Claim No. 35216; Countess Lina (Carolina) Dolfin Branca, Castellaro di Torrazza Coste (Pavia), Italy, Claim No. 35217; Francesco Dolfin Boldu and Eleanora (Norina) Dolfin Boldu, Rosa (Vicenza), Italy, Claim No. 35218; Nobile Donna Contessa Teresa Legrenzi Branca, Milan, Italy, Claim No. 35219; Steno dei Conti Branca, Milan, Italy, Claim No. 35220; Pierluigi dei Conti Branca, Milan, Italy, Claim No. 35221; Maria Bernardina dei Conti Branca, Milan, Italy, Claim No. 35222; Gianfranco Gerli and Anita Rosa Gerli, Milan, Italy, Claim No. 35223; property to the extent owned by Count Dino Branca, Countess Lina Dolfin Branca, Count Paolo Dolfin Boldu, Nobile Donna Contessa Teresa Legrenzi Branca, Steno dei Conti Branca, Pierluigi dei Conti Branca and Arthur Gerli immediately prior to the vesting thereof by Vesting Order No. 968 (8 F. R. 10518, July 28, 1943), relating to United States Trade-Mark Nos. 23,850; 23,877; 23,898; 23,899; 270,734; 285,705; 285,706 and 285,707; and the interests of Count Dino Branca, Countess Lina Dolfin Branca, Count Paolo Dolfin Boldu, Nobile Donna Contessa Teresa Legrenzi Branca, Steno dei Conti Branca, Pierluigi dei Conti Branca, Arturo Gerli and their heirs, executors, administrators and assigns, and each of them, in and to an agreement dated July 30, 1936, by and between Count Dino Branca, Countess Lina Dolfin Branca, and Count Paolo Dolfin Boldu, parties of the first part, and Fratelli Branca & Co., Inc., party of the second part, relating to trade-mark No. 270,734 and others, subject to and including all modifications thereof and supplements thereto, including, but not by way of limitation, an agreement dated October 24, 1938, by and between the parties to the agreement dated July 30, 1936, and their successors in interest, and Fratelli Branca & Co., Inc., and constituting a supplement to said agreement of July 30, 1936, together with $1,055,789.62 in the Treasury of the United States representing royalties thereunder. Count Dino (Bernardino) Branca, Nobile Donna Contessa Teresa Legrenzi Branca, Steno dei Conti Branca, Pierluigi dei Conti Branca and Maria Bernardina dei Conti Branca each to receive a 10.666⅔ percent interest in the claimed property; Countess Lina (Carolina) Dolfin Branca to receive a 14.1665 percent interest in the cliamed property; Eleanora (Norina) Dolfin Boldu to receive the lifetime use in ⅔ of an 18.334 percent interest in the claimed property; Francesco Dolfin Boldu to receive an 18.334 percent interest in the claimed property subject to the lifetime use of ⅔ thereof in Eleanora (Norina) Dolfin Boldu; Anita Rosa Gerli to receive the lifetime use of ½ of a 14.1665 percent interest in the claimed property; Gianfranco Gerli to receive a 14.1665 percent interest in the claimed property subject to the lifetime use of ½ thereof in Anita Rosa Gerli.

Executed at Washington, D. C., on September 11, 1951.

For the Attorney General.

[SEAL] HAROLD I. BAYNTON,
Assistant Attorney General,
Director, Office of Alien Property.

[F. R. Doc. 51-11175; Filed, Sept. 14, 1951; 8:54 a. m.]